

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

UNSTARRED QUESTION NO:1097
ANSWERED ON:27.07.2015
Promotion of Cottage Industries
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the condition of cottage industries in the country particularly in Uttar Pradesh has declined during the last two years;
- (b) if so, the details thereof including the number of industries currently operating and the industries shut down during the said period, State/UT-wise;
- (c) the measures taken by the Government to revive and promote cottage industry in the country particularly in Eastern Uttar Pradesh;
- (d) whether the Government proposes to establish more cottage industries in backward regions of the country including Uttar Pradesh; and
- (e) if so, the details thereof, State/UT wise?

Answer

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

(a)&(b): Ministry of Micro, Small & Medium Enterprises (MSME) has not conducted any specific review of the condition of cottage industries in the country. In addition, Khadi & Village Industries Commission (KVIC) and Coir Board, statutory bodies under the Ministry for the promotion and holistic development of khadi and village industries (KVI) and COIR respectively have not brought before the notice of the Government any significant change about the closing down of the cottage industries during last two years.

(c)to(e): 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 labor 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 with Khadi and Village Industries Commission(KVIC) as nodal agency at the national level 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 throughout the country. 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, General Category beneficiaries can avail margin money subsidy of 25% of the project cost in rural areas and 15% in urban areas. For special categories such as SC/ST/OBC/minorities/women/ex-servicemen/physically handicapped/NER/Hill and Border areas etc. the margin money subsidy is 35% in rural areas and 25% in urban areas. Maximum project cost for manufacturing unit is Rs.25 lakh and for service sector it is Rs.10 lakh.

The PMEGP scheme is being implemented in the entire country including backward regions of the country. While allocating Margin Money target, the backwardness factor is also taken into consideration.

State-wise release of margin money subsidy is treated as target and the achievements in term of the margin money subsidy utilized for setting up of micro-enterprises including agro-rural industries, under PMEGP during the last two years and current year is given at Annex I.