

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO.387
TO BE ANSWERED ON 18.12.2017

PROMOTION OF COTTAGE INDUSTRIES

387. SHRI JANARDAN MISHRA:

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

- (a) the significance of cottage industry in the Indian economy;
- (b) the types of difficulties being faced by the cottage industry in the country at present; and
- (c) the remedial measures being taken by the Government to address these problems and to promote the Cottage Industries in the country?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE)
FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a): The Cottage Industries play an important role in the Indian Economy and generation of employment opportunities to the unemployed youth of the Country. Cottage Industries not only play a crucial role in providing large employment opportunities but also help in Industrialization of rural and backward areas of the country thereby reducing the regional imbalance, assuring more equitable distribution of national income and wealth. It also contributes enormously to the socio economic development of the country.

Khadi and Village Industries Commission (KVIC) is engaged in promoting and developing Khadi and Village Industries for providing employment opportunities in rural areas thereby strengthening the rural economy of the country. Khadi and Village Industries has been identified as one of the major organization for generating sustainable employment in the non-farm sector. During the year 2016-17, the Khadi and Village Industries sector as a whole generated employment opportunities to 136.40 lakh person and also recorded production and sales of Rs.42631.09 crore and Rs.52138.21crore respectively during 2016-17.

(b)&(c): The major challenges faced by the Cottage Industries in the country is credit flow from the financing institutions and also the marketing of Khadi and Village Industries Products.

To overcome this challenge, the handholding support is being provided to the Khadi Institutions and Village Industries Units for availing financial assistance from the Banks under the Scheme namely Prime Minister's Employment Generation Programme (PMEGP) and SFURTI.

Under the **PMEGP Scheme**, any individual can avail credit from Banks to set up micro-enterprise in the non-farm sector. General category beneficiaries can avail of margin money (MM) subsidy of 25% of the project cost in rural areas and 15% in urban areas.

For beneficiaries belonging to special categories such as SCs, STs, OBCs, minorities, women, ex-servicemen, physical Handicapped, beneficiaries belonging to NER, hill and border areas, etc., the MM subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of project is ₹ 25 lakh in the manufacturing sector and ₹ 10 lakh in the service sector.

Ministry through the KVIC and the Coir Board has also been implementing a cluster-based scheme named Scheme of Fund for Regeneration of Traditional Industries (**SFURTI**) under which khadi, village industries and coir clusters have been taken up for development by providing them with improved equipments, common facilities centres, business development services, training, capacity building and design and marketing support, etc.

To overcome the marketing challenges of Khadi and Village Industries Units, KVIC organized exhibitions at district level, State level and National level and also invites beneficiaries to exhibit and sale their products. KVI Units are also supported with financial assistance to participate in International Exhibitions.

Coir Board:(i) **Coir UdyamiYojana** (formerly known as REMOT Scheme) is a credit linked subsidy scheme, which provides assistance for setting up of coir units with a maximum cost of project upto Rs.10 lakhs plus working capital, which shall not exceed 25% of the project cost. The pattern of assistance is 40% as Govt. subsidy, 55% as loan from Banks and 5% as beneficiary contribution. Scheme is open to all individuals, companies, SHGs, NGOs, Institutes, etc. (ii) **Mahila Coir Yojana**(a component of Coir Vikas Yojana-CVY) is an exclusive skill development programme for rural women artisans in coir sector. Training is provided in spinning of coir yarn/various coir processing activities. The scheme envisages distribution of motorized ratts/motorized traditional ratts and other coir processing equipments at 75% subsidy subject to a maximum amount of Rs.7500/- on successful completion of the training programme. During the training period, the women artisans are given a stipend amounting to Rs.1000/- per month. Coir VikasYojana also includes Skill Development & Training Programme in coir sector, Domestic & Export Market Promotion and Development of Production Infrastructure.

In addition, the Ministry aims to promote the cottage industries in the country by encouraging and providing the artisans a platform to showcase their products in various forums such as District level, State level and National level exhibitions and fairs. The best products and processes are also being supported to be performed outside the country through schemes such as Market Promotion and Development Assistance (MPDA). Ministry through KVIC also provides different skill training to the potential entrepreneurs through the 39 Multi-Disciplinary Training Centres (MDTC) of KVIC and RSETIs. The enterprises can also avail benefits of other schemes of the Ministry such as assistance for ISO Certification, Bar Codes, etc.