

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION No. 1778
TO BE ANSWERED ON 01.08.2024

COTTAGE INDUSTRIES IN TAMIL NADU

1778. SHRI SELVAM G:

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

- (a) whether the government is implementing schemes to promote cottage industries in Tamil Nadu and if so, the details thereof;
- (b) whether the government has assessed the contribution of small scale and cottage industries in the economic development and Gross domestic Product (GDP) of the country and if so, the details thereof;
- (c) whether the government is aware of the fact that encouraging small and cottage industries in rural, tribal and semi-urban areas would create employment opportunities for locals and prevent them from migrating and if so, the details thereof;
- (d) the details of the initiatives taken by the Government in this regard;
- (e) whether the government has formulated any scheme for revival and promotion of domestic cottage industries in Tamil Nadu which are on the verge of extinction and if so, the details thereof; and
- (f) the steps taken by the government to provide market to cottage industries and save these from liberal market forces along with the outcome thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

- (a): Ministry of MSME is promoting cottage and village industries across the country through the following schemes:
1. **Prime Minister's Employment Generation Programme (PMEGP):** PMEGP is a credit linked subsidy programme for generating self-employment opportunities through establishment of micro enterprises, including village industries, throughout the country.
 2. **Scheme of Fund for Regeneration of Traditional Industries (SFURTI):** Under this scheme, traditional industries and artisans are organized into collective manufacturing enterprises for making value added traditional products and provide the artisans with enhanced sustainable employment
 3. **Khadi Vikas Yojana (KVY):** The scheme aims to increase productivity and wages of khadi artisans and secure their livelihood. It also assists in improving infrastructure for khadi production and thereby increasing its production and sales.
 4. **Gramodyog Vikas Yojana (GVY):** The scheme aims to revive traditional and inherent skills of rural artisans by imparting advanced skill development training along with distribution of modern toolkits.
 5. **Coir Vikas Yojana (CVY):** The scheme aims to support growth of coir industry and promote sustainable employment of coir workers.

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(b): As per the data available, the contribution of MSME sector including small scale and cottage industries is estimated at around 29% of GDP of the country.

(c) and (d): Yes, Sir. The government has taken following initiatives for encouraging small and cottage industries in rural, tribal and semi-urban areas to create employment opportunities for locals and prevent them from migrating:

- i. Under PMEGP, 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 Scheduled Castes, Scheduled Tribes, OBCs, Minorities, Women, Ex-servicemen, differently-abled, Transgenders, beneficiaries belonging to Northeastern region, Hill and Border areas, and Aspirational Districts, the Margin Money subsidy is 35% in rural areas and 25% in urban area. The maximum cost of project is Rs. 50 lakh in the manufacturing sector and Rs. 20 lakh in the service sector.
- ii. Under SFURTI, assistance is provided for establishment of Common Facility Centers (CFCs), procurement of new machineries, along with skill upgradation, marketing and design support etc. Financial assistance is provided up to Rs. 2.50 Crore (regular cluster) for clusters up to 500 artisans and up to Rs. 5.00 Crore (Major cluster) for clusters with more than 500 artisans. The major sectors covered under SFURTI include handicrafts, textiles, bamboo, agro-processing, honey, khadi, coir etc.
- iii. Under KVY, assistance is provided to Khadi Institutions and artisans through schemes such as Modified Marketing Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC), Workshed Scheme for Khadi artisans, Strengthening of Infrastructure of Existing weak Khadi Institutions and Assistance for Marketing Infrastructure etc. to increase Khadi production and provide sustainable employment to Khadi workers.
- iv. Under GVY, skill development training and advanced tools and equipment are provided to rural and traditional artisans for promoting entrepreneurship among rural people in bee-keeping activities, pottery, agarbatti manufacturing, leather and footwear activities etc.
- v. Under CVY, sustainable employment is generated in Coir industry through various components focusing on skill upgradation, domestic and export market promotion, technological upgradation and welfare of coir artisans particularly women.

(e): There is no special scheme for revival and promotion of domestic cottage industries in Tamil Nadu. However, PM Vishwakarma is a central sector scheme launched on 17.09.2023 for supporting traditional artisans and craftspeople in India by providing credit support, skill training, marketing support, incentive for digital transactions and toolkit incentive.

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(f): Following steps are being taken by the Ministry of MSME through to provide marketing support to micro units including cottage industries:

- i. Procurement and Marketing Support (PMS) Scheme extends financial benefits for creating market access initiatives such as participation in domestic market exhibitions/ trade fairs, adoption of modern packaging techniques, development of retail outlets, etc to Micro & Small Enterprises (MSEs).
- ii. KVIC facilitates the Marketing support, organize exhibition where the institutions, entrepreneurs promoted by KVIC can sell and display their products
- iii. The cottage/village industry units / entrepreneurs are being encouraged to participate in the State Level, Zonal Level, National Level / International Level Exhibitions and International Trade Fairs.
- iv. The handholding support is being provided to unemployed youth to avail financial assistance under PMEGP from the Banks to set up their micro enterprises.
- v. The cottage industry / village industry / PMEGP Units may avail a counter in Khadi Sales Outlets throughout the country to sell their products. Further, they may avail Certificates of Registration to sell their products at various Khadi Outlets throughout the country.
- vi. Backward & Forward Linkages are being provided to the PMEGP entrepreneurs to promote them, including marketing of their products both locally and globally.
- vii. The cottage industry / village industry / PMEGP Units may sell their products through KVIC's Online Marketing, e-commerce Portal.
- viii. Coir Board encourages coir artisans and entrepreneurs to sell their coir products through sales outlets/showrooms of Coir Board
