

**GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT**

**LOK SABHA
UNSTARRED QUESTION NO. 1979
ANSWERED ON 11/03/2025**

RURAL MSME CLUSTER

1979. DR. PRABHA MALLIKARJUN:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the Government has explored transforming rural areas into employment hubs by incentivizing agro-industries, promoting rural startups, and encouraging skill-based local enterprises, particularly in light of the post-pandemic trend of reverse migration;**
- (b) whether the Government is aware that rural areas continue to struggle with digital banking infrastructure, if so, the initiatives taken to achieve full financial inclusion by expanding digital banking, micro-financing, and fintech solutions in unbanked villages;**
- (c) whether the Government has considered innovative water conservation models such as underground aquifer recharge, community rainwater harvesting, and providing incentives for drip irrigation to address frequent droughts in many parts of Karnataka, especially in Davanagere district; and**
- (d) whether there is any plan to establish a Rural MSME Cluster Davanagere's strong base in agriculture and textiles to support local entrepreneurs, weaving cooperatives, and agroprocessing industries?**

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(SHRI KAMLESH PASWAN)**

(a): With a view to ensure overall socio-economic development of rural areas of the country and check migration, Ministry of Rural Development (MoRD) is implementing a number of schemes/programmes with the main focus on increasing livelihood opportunities, empowering rural women, providing social safety net,

skilling of rural youth, infrastructure development etc. These include Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awaas Yojana-Gramin (PMAYG), Pradhan Mantri Gram Sadak Yojana (PMGSY), Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY), Rural Self Employment Training Institutes (RSETIs) and National Social Assistance Programme (NSAP) and Watershed Development Component of the Pradhan Mantri Krishi Sinchayee Yojana (WDC-PMKSY). Under DAY-NRLM, efforts have been made to promote Farm and Non-Farm enterprises through the Mahila Kisan Sashaktikaran Programme (MKSP) and Start-Up Village Entrepreneurship Programme (SVEP). RSETI is a bank-led, MoRD funded training institution which provides training for skill and entrepreneurship development.

In addition to this, Ministry of Micro, Small and Medium Enterprises (MSME) is implementing Prime Minister's Employment Generation Programme (PMEGP), which provides financial assistance to both urban and rural entrepreneurs to set up new ventures. Ministry of Agriculture and Farmers' Welfare is implementing a Central Sector Component "Establishment of Agri-clinics and Agri-Business Centres" to supplement the efforts of public extension, support agricultural development and create gainful self-employment opportunities to the youths with qualification in agriculture and allied sectors. Further, Agriculture Infra Fund (AIF) has been instrumental in transforming rural areas by strengthening rural infrastructure, promoting agribusiness, and generating employment opportunity. It aims to enhance farmers' income by developing modern post-harvest infrastructure, reducing losses and ensuring better price realization. It focuses on farm-gate storage, logistics, and value addition through warehouses, cold storage, sorting units, and ripening chambers, enabling farmers to access larger markets with fewer intermediaries. Further, Pradhan Mantri MUDRA Yojana (PMMY) provides loans to small businesses and entrepreneurs. These measures are aimed at creating sustainable employment opportunities in rural areas, reducing migration, and enhancing local economic development.

(b): The Government is aware of the challenges faced in rural areas in digital banking infrastructure. To address this, various initiatives are being undertaken to achieve full financial inclusion. The Pradhan Mantri Jan Dhan Yojana (PMJDY) has been instrumental

in providing universal banking services for every unbanked household. Government, Reserve Bank of India (RBI) and Banks have taken various measures to promote and create awareness about digital banking services such as (i) The Digital Finance for Rural India – Creating Awareness and Access (DFIAA) Scheme for conducting awareness sessions on digital finance options available for rural citizens; (ii) Pradhan Mantri Gramin Digital Saksharta Abhiyaan Scheme is implemented as a Central Sector Scheme by Ministry of Electronics & Information Technology through Common Service Centres (CSC) e – governance services India Ltd with active collaboration of all the State governments and Union Territories (UTs); (iii) RBI conducts Electronic Banking Awareness and Training Programmes through its regional offices to create awareness about digital payments; (iv) RBI has been carrying out multi-channel public awareness media campaigns to sensitise public about how to be vigilant while using digital banking. RBI has also carried out multi lingual media campaigns on themes like Convenience of Digital Banking, Safety of Digital Banking etc.; (v) RBI conducts Financial Literacy week every year since 2016 to propagate financial education; (vi) Banks conduct special camps through their Financial Literacy Centres (FLCs) on “Going Digital” through Unified Payments Interface (UPI) and *99# (USSD); (vii) Rural Branches of Banks conduct camps covering all the messages of Financial Awareness Messages Booklet and two digital platforms i.e. UPI and *99# USSD; and (viii) Banking Correspondents also create awareness while facilitating transactions in the rural areas because of their familiarity with local population.

Furthermore, the India Post Payments Bank (IPPB) extends banking services to rural areas through post offices, enhancing access to financial services. DAY-NRLM of MoRD is also providing last mile delivery of financial services in remote rural areas where people do not have much access to banking services, through promotion of digital finance and deployment of SHG Women as Banking Correspondent Sakhi (BC Sakhi), with the support of banks and Common Service Centres.

(c): The Government is committed to addressing the issue of water scarcity, including Karnataka. As informed by Department of Water Resources, River Development and Ganga Rejuvenation, Central Ground Water Board (CGWB) has completed the National Aquifer Mapping (NAQUIM) Project in the entire mappable area of about 25 Lakh sq. km in the country. The Aquifer maps and

management plans have been prepared and shared with the respective State agencies for implementation. The management plans include various water conservation measures through recharge structures. MoRD is implementing WDC-PMKSY which primarily focuses on development of rainfed/degraded lands. The activities undertaken in the scheme, *inter alia*, include ridge area treatment, drainage line treatment, soil and moisture conservation, rainwater harvesting, nursery raising, pasture development, livelihoods for asset-less persons etc. The measures taken under WDC-PMKSY supplement the effort of the Government to increase the area under cultivation. Similarly, Ministry of Agriculture and Farmers' Welfare is implementing a Centrally Sponsored Scheme of Per Drop More Crop (PDMC) which focuses on enhancing water use efficiency at farm level through micro irrigation systems.

(d): The Government, through Ministry of MSME is implementing Scheme for Registration of Traditional Industries (SFURTI) for making traditional industries more productive and competitive by organizing the artisans into clusters to provide support for their long-term sustainability and economies of scale. This scheme focuses upon physical infrastructure creation, technology upgradation, training, product development, innovation, design interventions, marketability, improved packaging, and marketing infrastructure with aim to improve artisanal income of the Traditional Industries. The Traditional industries have been broadly categorized as Khadi industries, Village Industries and Coir Industries. As per the official website of the Ministry of MSME, one cluster namely the HariharaKhadi Cluster is under operation in textile sector in Davangere District of Karnataka.
