

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:1370
ANSWERED ON:02.08.2005
SETTING UP OF COTTAGE INDUSTRIES BY KVIC
Vallabhaneni Shri Balashowry

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a) whether the Khadi and Village Industries Commission has any provision for giving incentives to the people to set up cottage industries in the rural areas;
- (b) if so, the details thereof;
- (c) whether the Government propose to revise the norms for incentives; and
- (d) if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a): Yes, Sir.

(b): The Government has been implementing the Rural Employment Generation Programme (REGP), through the Khadi and Village Industries Commission (KVIC) with effect from 01 April 1995 to create more employment opportunities in villages and small towns with population up to 20,000 in the country. Under this programme, entrepreneurs can establish village industries, including cottage industries, by availing of margin money assistance from the KVIC and loans from public sector scheduled commercial banks, selected regional rural banks, cooperative banks, etc., for projects with a maximum cost of Rs. 25 lakh. The permissible margin money assistance is as detailed in the table below:

Margin Money Assistance under REGP

Sl.No. Category of beneficiary Project cost Margin money assistance

- | | | |
|---|-------------------|--|
| 1. General | Up to Rs. 10 lakh | 25 per cent of project cost. |
| | Above Rs. 10 lakh | Rs. 2.5 lakh plus 10 per cent of balance project cost. |
| 2. SC/ST/OBC/Women/PC/ Ex-servicemen/NE Region/Hill Areas | Up to Rs. 10 lakh | 30 per cent of project cost. |
| | Above Rs. 10 lakh | Rs.3 lakh plus 10 per cent of balance project cost. |

Note: SC/ST - Scheduled Castes/Scheduled Tribes;
OBC - Other Backward Classes;
PC - Physically Challenged;
NE - North Eastern

(c): No, Sir.

(d): In view of the reply at (c) above, the question does not arise.