

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

UNSTARRED QUESTION NO:1924
ANSWERED ON:05.12.2006
PROMOTIO OF AGRO AND RURAL INDUSTRY
Baxla Shri Joachim

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

- (a): the details of the various schemes for promoting agro and rural industries in the country;
- (b): the details of subsidies extended under various heads by Government in this regard; and
- (c): the steps taken to promote rural industries in the country, State-wise?

Answer

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

(a): The Central Government (in the Ministry of Agro and Rural Industries) supports and supplements the efforts of the State/Union Territory Governments in promoting/assisting village industries through various schemes and programmes implemented across the country. Some of the important schemes are:

- (i) Rural Employment Generation Programme (REGP) for assisting eligible applicants in setting up village industry units. Under this programme, loans are provided to eligible applicants by banks and subsidy by the Government.
- (ii) Pradhan Mantri Rozgar Yojana (PMRY) for assisting eligible applicants in setting up micro enterprises. Under the Yojana, loans are provided to eligible applicants by banks and subsidy by the Government.
- (iii) Interest Subsidy Eligibility Certificate (ISEC) Scheme for providing bank loans to khadi and polyvastra units at subsidised rates of interest.
- (iv) Product Development, Design Intervention and Packaging (PRODIP) Scheme for improved design and packaging of village industry products.
- (v) Rural Industries Service Centre (RISC) Scheme for setting up of common facility centers (CFCs) to provide infrastructural support and services to village industries.
- (vi) Financial assistance to village industry units for participation in national level exhibitions for market development.

Further, the Ministry of Small Scale Industries (SSI) implements the Small Industry Cluster Development Programme

(SICDP) for holistic development of clusters of SSI units. In addition, the Credit Guarantee Fund Trust for Small Industries

(CGTSI), established by the Government of India and Small Industries Development Bank of India (SIDBI) provides guarantee cover to banks for collateral-free loans upto Rs. 25 lakh, sanctioned to SSIs, including village industries.

(b): Of the above schemes, subsidies are granted by the Government under three schemes, namely, REGP, PMRY and ISEC, listed at (i),

(ii), and

(iii) respectively in answer to part (a) above. The details of the subsidy admissible are as under.

(i)REGP - Certain weaker sections like ex-servicemen, SC/STs, women entrepreneurs, etc., are entitled to margin money assistance @ 30 per cent for projects up to Rs. 10 lakh as compared to the rate of 25 per cent admissible to applicants of general category. Entrepreneurs from the weaker sections are required to contribute only 5 per cent of the cost of the project as own contribution (as against 10 per cent for general category). Rs. 330.83 crore as margin money assistance have been provided to the entrepreneurs during 2005-06.

(ii)PMRY - Projects costing upto Rs.1 lakh for businesses and upto Rs. 2 lakh in industries are eligible for receiving assistance, with the subsidy being limited to 15 per cent of the project cost, subject to a ceiling of Rs. 7,500/- per beneficiary. This ceiling is higher at Rs. 15,000/- per beneficiary, in the case of beneficiaries from North-Eastern Region. Rs. 251.36 crore of Central Government subsidy has been released during 2005-06 to the banks (to be credited to beneficiary loan accounts) as reported by the RBI to the

Government.

(iii) ISEC - Credit at the concessional rate of interest of 4 per cent per annum is provided by banks as per the assessed requirement of the institutions registered with the KVIC/State Khadi and Village Industries Boards. The difference between the rate of interest of 4 per cent and Prime Lending Rate (PLR) is borne as subsidy by KVIC from grants given by Central Government. Rs. 5.53 crore have been provided as interest subsidy assistance to the registered institutions during 2005-06.

(c): Besides, the Government has introduced the 'Scheme of Fund for Regeneration of Traditional Industries' (SFURTI) for implementation in khadi, village and coir industry clusters. The scheme envisages improvement in productivity of khadi spinners and weavers, setting up common facility centres (CFCs) to convert khadi fabrics into ready-to-wear khadi products, development of new designs for fabric and garments, market promotion and undertaking activities such as exposure visits to other clusters and institutions, need based training, skill development of khadi workers, etc. Similar approach is envisaged to improve productivity in respect of coir and village industries through development of clusters. 29 clusters of khadi, 50 clusters of village industries and 25 clusters of coir have thus been identified for development under SFURTI.