

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

UNSTARRED QUESTION NO:3813  
ANSWERED ON:19.12.2006  
AID FOR RURAL INDUSTRIAL UNITS  
Chakraborty Shri Ajay

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

- (a): whether Government is providing financial and technical assistance to various NGOs to set up and run rural industrial units;
- (b): if so, the details thereof;
- (c): the quantum of assistance provided during each of the last three years ad current year;
- (d): the number of applications from various States including West Bengal lying pending with the union Government; and
- (e): the time by which these applications are likely to be cleared?

**Answer**

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

(a)&(b): Yes, Sir. The Government (in the Ministry of Agro and Rural Industries) Industries is providing financial assistance for setting up rural industrial units under its Rural Employment Generation Programme (REGP), a credit-linked subsidy scheme implemented through the Khadi and Village Industries Commission (KVIC). Under the REGP, an eligible entrepreneur including inter alia, NGOs, can establish a village industry by availing of margin money assistance from the KVIC and loan from any public sector scheduled commercial bank. For this purpose, the prospective entrepreneur has to submit a project proposal to the State offices of the KVIC or the District offices of the respective State/ Union Territory Khadi and Village Industries Board (KVIB) or the implementing banks directly. Approval of the project depends on technical and financial appraisal by the respective banks. Applicants in categories like ex-servicemen, SCs/STs, women entrepreneurs, etc., are entitled to margin money assistance @ 30 per cent for projects up to Rs. 10 lakh vis-a-vis 25 per cent admissible to applicants of general categories. Entrepreneurs from the former categories are required to contribute only 5 per cent of the cost of the project as own contribution (as against 10 per cent for general categories). (c): The details of margin money released under REGP during 2003- 04, 2004-05, 2005-06 and 2006-07 are given in table below.

Year    Margin Money released  
(Rs. crore)

2003-04	288.00
2004-05	344.01
2005-06	391.59
2006-07	100.93

(upto October 2006)

(d): Applications for setting up industry units mentioned at (a) above are not received directly by the Government. Under the REGP, an eligible entrepreneur has to submit project proposal to the State office of the Khadi and Village Industries Commission (KVIC) or the District offices of the respective State/ Union Territory Khadi and Village Industries Board or the participating bank directly. Government grant (subsidy) is sanctioned and released in favour of the applicants, in accordance with the parameters of the REGP, after appraisal and sanction of loan by the bank concerned.