

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

UNSTARRED QUESTION NO:959
ANSWERED ON:14.07.2004
CONDITION OF TRADITIONAL AND COTTAGE INDUSTRIES
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Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a) whether the Government is aware of the pathetic condition of traditional and cottage industries resulting in the migration of rural folks to cities in search of jobs;
- (b) if so, the steps proposed to be taken to check this tendency and promote rural industries; and
- (c) if not, the reasons therefor?

Answer

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

(a) to (c) : The Khadi and Village Industries sector consists essentially of conventional (traditional) rural cottage industries. Government have been taking steps from time to time for the promotion and development of cottage industries in the rural and backward areas and also to generate more employment opportunities through labour intensive industries. The production of village industries over the past three years has grown from Rs. 7140.50 crores for the year 2001-02 to Rs. 8126.30 cores for the year 2002-03 and further to Rs. 9263.98 crores during 2003-04, thus showing an increase of 13.8% and 14% during 2002-03 and 2003-04 respectively. Similarly the employment generated in the village industry sector is also showing an increasing trend while 54.16 lakhs employment were generated in the year 2001-02, it increased to 57.87 lakhs in 2002-03 and to 62.57 lakhs in 2003-04. For regeneration of traditional industries namely coir, handloom, handicrafts, sericulture, leather, pottery and other cottage industries the Government has proposed to set up a Fund with an initial allocation of Rs. 100 crores.

Further, the Government through the Khadi and Village Industries Commission (KVIC) is already implementing the Rural Employment Generation Programme (REGP) all over the rural and backward areas to promote cottage industries including agro-based industries for the development of these areas and to generate more employment opportunities in the country. Under this programme Capital Subsidy in the form of Margin Money is provided at the rate of 25% of the project cost upto Rs. 10 lakhs and 10% on the balance project cost upto Rs. 25 lakhs for setting up labour intensive industries. The beneficiary is required to invest his own contribution of 10% of the project cost. For disadvantaged sections viz. SC/ST/Women/Physically Handicapped/Ex-Servicemen and Minority Community beneficiary/institution and for hill, border and tribal areas, North East Region, Sikkim, Andaman & Nicobar Island, Lakshadweep, the margin money grant is 30% of the project cost upto Rs. 10 lakhs and 10% of the remaining cost of the project upto Rs. 25 lakhs. This scheme is being implemented through Public Sector Banks, Regional Rural Banks and on a selective basis through Cooperative Banks and Private Sector Scheduled Commercial Banks. The progress under REGP for the last three years is indicated below :-

Sl.No.	Year financed	No. of projects	Employment (in lakhs)
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1	2001-2002	20767	3.43
2	2002-2003	21024	3.61
3	2003-2004 (P)	24747	4.70