

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 899**  
**TO BE ANSWERED ON 25.07.2022**

**MODERNISATION OF COTTAGE INDUSTRY**

899. SHRI DHANANJAY BHIMRAO MAHADIK:  
SHRI SANJAY RAUT:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether entrepreneurs related to cottage industries are being trained in the country and if so, the details thereof;
- (b) whether measures taken to modernize the cottage industry are ineffective and if so, the details thereof and the reasons therefor and the corrective steps taken in this regard;
- (c) whether cottage industries in villages are gradually disappearing due to liberalization and if so, the details thereof and the criteria set for defining and reckoning cottage industries in villages; and
- (d) steps taken by Government to provide market to cottage industries and to save them from liberal market forces along with the outcome thereof?

**ANSWER**

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI BHANU PRATAP SINGH VERMA)

(a): The 'Cottage Industry' has not been defined under the Khadi and Village Industries Commission Act, 1956. However, the broad contours of 'Cottage Industry' are covered under the 'Village Industry' vertical under the purview of the Khadi and Village Industries Commission (KVIC) and are broadly classified under six groups for the purpose of implementation of its programmes which are as follows:

1. Agro Based & Food Processing Industry (ABFPI)
2. Mineral Based Industry (MBI)
3. Wellness & Cosmetics Industry
4. Handmade Paper, Leather & Plastic Industry (HPLPI)
5. Rural Engineering and New Technology Industry (RENTI)
6. Service Industry

Ministry of MSME is implementing PMEGP scheme, a credit-linked subsidy programme since 2008-09 with KVIC as nodal agency at the national level for generating self-employment opportunities through establishment of micro enterprises, including village industries, throughout the country.

Entrepreneurs Development Programme (EDP) training is imparted to beneficiaries who have established new micro enterprises under PMEGP, through KVIC, Khadi and Village Industries Boards (KVIBs) Training Centers as well as Accredited Training Centers run by Central Government, National Small Industries Corporation Limited (NSIC), National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (NIMSME), Indian Institute of Entrepreneurship (IIE), and their partner institutions under the administrative control of Ministry of MSME. State Governments, Banks, Rural Development and Self Employment Training Institutes (RUDSETI) reputed NGOs, and other organizations/institutions, identified by the Government from time to time also impart such training.

Further, KVIC imparts training to rural and traditional artisans in various rural industries. It provides tools and equipment and hand holding support through implementation of various schemes/programmes like Honey Mission for beekeeping industries, Kumbhar Sashaktikaran Programme for Pottery artisans, Leather Craft Programme for leather artisans etc.

KVIC also conducts Skill Development Programme (SDP) and Entrepreneurship Awareness Programmes (EAP) in the country for unemployed youth to generate self-employment opportunities in traditional industries.

(b): The measures taken to modernize Village industries, by the Ministry of MSME through KVIC and Coir Board, is placed at **Annexure-I**.

(c): The number of micro units assisted under PMEGP scheme during last three years and current year is as follows:

<b>Year</b>	<b>Project (in numbers)</b>	<b>Margin Money (Rs. in lakh)</b>	<b>Employment (in numbers)</b>
2019-20	66653	195082.15	533224
2020-21	74415	218880.15	595320
2021-22	103219	297766.00	825752
2022-23 (upto 30.6.2022)	18000	55013.00	144000

(d): Steps being taken by KVIC to provide marketing support to Khadi and Village Industry units, details of which are provided in the **Annexure-II**.

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**Annexure-I referred to in reply to part (b) of the Rajya Sabha Unstarred Question No.899 for answer on 25.07.2022**

Ministry of MSME is implementing the following schemes to modernize Village industries in the country:

- i) Scheme of Fund for Regeneration of Traditional Industries (SFURTI): The Scheme envisages providing need based assistance to traditional village industries for replacement of production equipment, setting up of Common Facility Centres (CFC), product development, quality improvement, improved marketing, training and Capacity Building, etc. As on date, 498 clusters have been approved and they are under various stages of implementation. Out of 498 SFURTI clusters, 251 clusters of rural and traditional industrial units are functional.

**KVIC:**

- ii) Modified Market Development Assistance (MMDA): under the sub-scheme, KVIC provides Market Development Assistance to the Khadi Institutions for infrastructure development and for marketing support. The propaganda, Publicity and Exhibitions are also organized by KVIC to help in marketing of products manufactured by the Khadi Institutions and entrepreneurs promoted by the KVIC. An amount of Rs. 268.64 Cr financial assistance disbursed to 1175 Khadi institutions during last year.
- iii) Interest Subsidy Eligibility Certificate (ISEC): under the sub-scheme Khadi Institutions can avail loan from Bank to cater their need of working capital and are to pay only 4% interest and remaining part of the interest charged by the Bank is borne by the Govt. of India. An amount of Rs. 34.11 Cr has been disbursed to 1421 Khadi institutions during last year.
- iv) ‘Strengthening of Infrastructure of Weak Khadi Institutions and Assistance for Marketing Infrastructure’: under this sub-scheme financial assistance is provided to existing weak Khadi Institutions for strengthening of their infrastructure and for renovation of selected khadi sales outlets. An amount of Rs. 3 Cr have been disbursed on infrastructure development for 28 khadi institutions. Under the marketing assistance component, an amount of Rs. 4.02 Cr have been disbursed to 30 khadi institutions for modernization of sales outlets.

**Coir Board:**

- v) Modernization of Production Process, sub scheme of ‘Science & Technology’ under ‘Coir Vikas Yojana’: The objective of this sub-scheme is to infuse new technologies, processes, and practices to improve efficiency, cut costs in production process, induce new generation and talent to look at the coir sector as a viable career option. Additionally, the scheme aims to drive innovation in products and techniques to provide new products as well as substitute to prevailing products made from other raw materials like plastic or metal among others.

**Annexure-II referred to in reply to part (d) of the Rajya Sabha Unstarred Question No.899 for answer on 25.07.2022**

Following steps are being taken by Khadi and Village Industries Commission (KVIC) to provide marketing support to Khadi and Village Industry units:

- i) The network of Khadi and Village Industry Institutions indeed provides a wide platform for sale of products, produced by traditional artisans and craftsmen. It has a wide network of around 8000 “Khadi India” sales outlets across the country including Departmental Sales Outlets and its branches owned by KVIC.
- ii) KVIC has started online selling of all Khadi and Village Industry products, which are available to every Indian’s door step through [www.ekhadiindia.com](http://www.ekhadiindia.com) and [www.khadiindia.gov.in](http://www.khadiindia.gov.in).
- iii) KVIC facilitates marketing support by organizing District, State, National level exhibitions where the institutions, entrepreneurs promoted by KVIC can sell and display their products.
- iv) KVIC is arranging product supply/marketing mechanism through e-Market linkage with an objective to link Buyer to Customer.
- v) KVIC through International Cooperation (IC) Scheme of Ministry of MSME provides financial support to MSMEs in participating in International Exhibitions/Trade Fairs etc.
- vi) Publicity of Khadi and Village Industry products through print, electronic, digital and social media.