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Government Policies And Programmes For Promotion Of Rural Non-Farm Employment

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Abstract

Government policies in Uttar Pradesh play a vital role in employment generation in non-farm sector by providing a conducive environment for businesses, fostering innovation, and improving access to resources for entrepreneurs and workers. These policies can range from infrastructure development and tax incentives to skill development programs and financial assistance. Industries importance in economic development of India is very crucial. In the industries sector Micro, Small and medium enterprise (MSMEs) holds one of the most important places in the Indian economy. These enterprises contributed significantly to the economy via generation of employment, national income foreign exchange, export and others. This sector accounts 40 percent of total exports. MSME contribute around 8 percentage of GDP. MSMEs are contributing in more in rural employment generation and economic development. These sectors are more labour intensive and an important tool for rural industries during last few years government India launch many productive and innovative programmes and policies for this micro, small and medium enterprise with liberal approaches. The secondary sector of India remains the engine of growth for India's economy and contributed 27 % to India's Gross Value Added at current prices in FY24 (as per advance estimates).

There is a significant changes in sectoral contribution of each sector to India's GDP over a period of time. The aim of the paper is to analyze the secondary sector especially, non-farm sector growth and employment opportunities in Uttar Pradesh. The paper is based on secondary sources obtained from government reports and publications like economic survey Government of India, Budget Reports, NSSO, Central Statistical Office (CSO), five year plans and Economic Census, journals and magazines and websites.

Key words: Secondary sector, Micro, Small and medium enterprise (MSMEs) and Government Policies and Programme

Introduction:

Industries plays very important role in economic development of india. In the industries sector Micro, Small and medium enterprise (MSMEs) holds one of the most important places in the indian economy. Theses enterprise contributed significantly to the economy via generation of employment, national income foreign exchange, export and others. This sector accounts 40 percent of total exports. MSME contribute around 8 percentage of GDP. MSMEs are contributing in more in rural employment generation and economic development. These sectors are more labours intensive and an important tool for rural industries during last few years' government India launch many productive and innovative programmer and policies for this micro, small and medium enterprise with liberal approaches.

The conditions for the development of rural non-farm sector depend upon number of factors. These are mainly the agricultural and non-agricultural growth, infrastructure, credit, marketing facilities, technology transfer and skilled human capital. In a under developed Economy like of ours, one or most of these factors may be wholly or partially absent. In this situation, the government policies and programmes act as facilitator in bridging the gaps of the stimulating factors so that rural non-farm sector could get the boost (Reddy 2002). Chadha and Sahu (2001) have studied the policy perspectives of rural industrialization in India and suggested a policy framework for the promotion of the sector in India. Chadha (2003) found that shift of workforce from agriculture to non-agriculture sector well visualized in most of the states in India. Dasgupta, *et.al.* (2004), reviewed the policy initiatives for the strengthening of rural economic development through two case studies from Madhya Pradesh and Orissa. They are of the view that the role of policies in promotion of rural non-farm sector is crucial. The paper is based on literature review and analysis of policies and programmes of government designed to promote rural non-farm sector. The Study Group under the Chairmanship of Dr. S. P. Gupta, Member, Planning Commission (1999), provided a road map for developing the sector in the new millennium. Many recommendations of the Study Group were implemented and the Prime Minister announced a Comprehensive Policy Package on 30th August 2000, which was formulated by a group of ministers, headed by the Union Home Minister. The new package focused on enhancing global and domestic competitiveness of Indian small-scale industries through measures relating to fiscal concerns, credit availability, marketing support, technology up grading, and infrastructure development. Various expert committees have been set up from time to time to address specific concerns of small-scale industries and to prepare development plans. The recent one among these include Nayak Committee, 1991 on finance related issues, Abid Hussain Committee (1995) on improving the overall strength of the sector and Kapur Committee (1997) on credit delivery system. The Abid Hussain Committee underscored the need for developing small enterprise clusters with public private partnership and called for extending policy support to all service enterprises. The Cabinet Committee on Economic Affairs, Govt. of

India in its meeting held on 28.12.2006 have approved setting up of Mahatma Gandhi Institute for Rural Industrialization (MGIRI) Wardha as an Autonomous body registered under societies registration act. The objective behind establishment of this institute is to undertake Research and Development, extension, training and education in the area of Rural Industrialization. This institute is required to focus on the technology need of artisans engaged in KVI Sector and to upgrade their technology in order to increase productivity level and in turn their wages (Hazell and Haggblade, 1990).

The government has adopted a plethora of such promotional policies since the initiation of planning process in our country. The entire range of state interventions adopted to promote rural non-farm sector can broadly be classified in six categories as follows:

1. Regulatory policies and agencies that facilitate or sometimes hamper rural entrepreneurship.
2. Government schemes run by its various department/agencies to promote non-farm activities and employment.
3. Rural credit agencies and their policies.
4. Investment by government in allied sectors, such as agriculture, power and infrastructure that help rural non-farm sector to grow.
5. Effectiveness of institutions set up by government, including Panchayats, in providing services to the rural non-farm sector.
6. The organizations and representation of producers.

The followings are the objectives of paper:

1. To study the state policies and programme for promotion of rural non-farm sector.
2. To draw policy conclusion for the employment and income generation through rural non-farm sector in Uttar Pradesh.

Government Policies and Initiatives for Supporting SMEs in India

1. Small and Medium Enterprises (SMEs) are a vital component of India's economy, contributing significantly to job creation, innovation, and economic growth. Recognizing the importance of SMEs, the Indian government has implemented several policies and initiatives to support their development and expansion. In this article, we will explore the various government policies and initiatives for SMEs in India.
2. **Make in India:** Launched in 2014, Make in India is an ambitious initiative aimed at transforming India into a global manufacturing hub. The initiative focuses on boosting the manufacturing sector's growth by improving the ease of doing business, attracting foreign investment, and providing access

to cutting-edge technology. SMEs can benefit from Make in India through various schemes such as the Modified Special Incentive Package Scheme (M-SIPS), which provides financial incentives to companies setting up manufacturing units in India.

3. **Startup India:** The Startup India initiative launched in 2016 aims to promote entrepreneurship and innovation in the country. Under this initiative, several schemes have been introduced, such as the Startup India Seed Fund Scheme, which provides financial support to startups in their initial stages. The initiative also provides tax exemptions, simplifies the registration process, and enables startups to access funding from government-run incubators.
4. **Micro, Small and Medium Enterprises Development Act:** The Micro, Small and Medium Enterprises Development Act, 2006, provides a legal framework for the promotion and development of SMEs in India. The act defines the classification of SMEs based on their investment in plant and machinery, and provides various benefits such as credit facilities, exemption from taxes, and reservation of products for exclusive manufacture by SMEs.
5. **The One District One Product (ODOP)** initiative in Uttar Pradesh, launched in 2018, aims to promote local industries and crafts by identifying and promoting one unique product from each of the state's 75 districts. This initiative is significant for reviving traditional industries, generating local employment, boosting exports, and contributing to the state's economic growth.
6. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):
7. MSME loan schemes available in 2025 are the Pradhan Mantri Mudra Yojana, Prime Minister's Employment Generation Programme, Credit Guarantee Trust Fund for Micro & Small Enterprises, Interest Subsidy Eligibility Certificate, SIDBI MSME Loans and MSME Loans for Startups in 59 Minutes.
8. Pradhan Mantri Mudra Yojana (PMMY): The Pradhan Mantri Mudra Yojana (PMMY), or Mudra Yojana, is a government of India scheme designed to provide loans to small and micro enterprises. These loans, under the MUDRA scheme, are accessible to businesses in manufacturing, trading, and services sectors, including those related to agriculture. The scheme aims to support the growth of non-corporate, non-farm micro and small enterprises.

2 Regulatory Policy Environment for Rural Non-Farm Sector:

Several legislations may be found to have potential impact on the operation and growth of rural non-farm sector. At present, there are 33 labour related legislations that are in force (ILO, India 2005).

3 Policy Protection for Rural Non-Farm Sector:

The Indian industrial policy in the past has been protection-oriented. The need for protecting indigenous cottage and rural industries from competition from imported goods and products of large-scale industries was an integral part of India's struggle for independence (Zaidi and Zaidi (eds.) 1978). Based on the belief that the individual self employed workers cannot face competition from large enterprises, Government adopted a protectionist role by providing special assistance and care (Young India, August 1972). The Government also placed restrictions and obligations on large enterprises so they did not enjoy undue advantage over smaller firms.

After Independence, the strategy to promote small-scale and rural industries was further justified because of need to provide immediate large-scale employment, equitable distribution of the national income, effective mobilization of resources of capital and skill, and to avoid the problems of unplanned urbanization. Being short on capital and with surplus labour, the Indian industrial strategy was to rapidly achieve industrialization through the development of basic and heavy industries. This required large industries on the one hand, and development of small industries on the other, which 'utilize labour for increasing the supplies of much needed consumer goods in a manner which economises the use of capital (Second Five Year Plan, 1956). Thus, the industrial policy focused on large industries and small-scale industries.

Although a large number of micro enterprises were already established for several years-providing jobs to millions of workers, the industrial policy did not consider these. The policy thrust for small enterprises was oriented toward those in the manufacturing sector.

4 Small-Scale Industry Policy:

International agencies initially played a key role in evolving the package of promotional and protective measures for the small-scale sector (Report of the International Perspective Planning Team: Development of Small-Scale Industries in India-Prospects, Problem and Policies,1963). Given the federal structure of India and because industry falls under both central and state government mandates, policies and programmes can be found in both spheres of government.

The policies and programmes for the Small-scale industry sector have been an integral part of the overall industrialization strategy. However, the 1990's witnessed major changes in the approach of the policy-makers and led to a separate policy for the small-scale sector in 1991. It was stated that the primary objective of the Small-Scale Industrial Policy during the nineties would be to impart more vitality and growth-impetus to the sector to enable it to contribute its mite fully to the Economy, particularly in terms of growth of output, employment and exports.

7 Tiny Enterprises:

While the small-scale sector (other than tiny enterprises) would be mainly entitled to one-time benefits (e.g., preference in land allocation, power connection, access to facilities for skills development and the upgrading of technologies), tiny enterprises were eligible for additional support, including easier access to institutional finance, priority in the government purchase programme and relaxation from certain provisions of labour laws.

8 Handloom:

Here the objective was to promote handlooms to sustain employment in rural areas and to improve the quality of life for handloom weavers. Assistance is provided in gaining access to finance, modernizing and up-grading technologies, and marketing supports.

9 Handicrafts:

Considering the importance of this sector in terms of employment and exports, the policy provides for an integrated development thrust to the sector with a view to enlarging the production base. This is expected to enhance employment opportunities and income generation through crafts as an economic activity and gives the necessary inputs for quality improvement and effective support to both internal and overseas marketing (Census of Small-Scale Industries, 2001-2002)

10 Cottage, Khadi and Other Village Industries:

Government recognized the need to enhance the spread of rural and cottage industries towards stepping up non-farm employment opportunities in rural areas. The activities of the Khadi and Village Industries Commission and the State Khadi and Village Industries Boards are being expanded and the organizations are being strengthened to discharge their responsibilities more effectively.

11: Regulatory and Legal Framework for Non-Farm Sector in Uttar Pradesh:

The legal and regulatory framework for the development of non-farm sector has been very vast in the state of Uttar Pradesh. Though, time to time Government of Uttar Pradesh has indicated to make amendments in some of the legislations listed below, but nothing concrete has yet come of this. Listed below are the legislations which concern non-farm sector in Uttar Pradesh (Fisher, Mahajan and Singha, 1997).

- The Uttar Pradesh Labour Welfare Fund Act, 1955: consolidates and amends the law relating to the establishment and operation of a fund for promotion of welfare of labour in Uttar Pradesh.

- The Uttar Pradesh Dookan Aur Vanijya Adhistan Adhiniyam (Shops and Commercial Establishments) Act, 1962: consolidates and amends the law relating to the regulation of conditions of work and employment in shops and commercial establishments.
- The Uttar Pradesh Employment of Substitute Workmen Act, 1978: provides for the employment of substitute workmen in certain industrial establishments and for matter connected therewith.
- One district one product
- Make in india

12: Registration of Enterprises in Uttar Pradesh:

To register an enterprise in the non-farm sector in Uttar Pradesh, you can use the Udyam Registration Portal launched by the Ministry of MSME. This portal offers a free, digital, and paperless registration process for MSMEs. Additionally, the Uttar Pradesh Industrial Investment Policy 2022 aims to streamline processes and facilitate investment in various sectors within the state.

13: Approvals required once the business has begun:

- Approval of the Pollution Control Board.
- Sales tax permanent registration.
- Registration under the Factories Act.
- Registration under the Shops & Establishments Act.
- Electricity safety no objection certificate.
- Sales tax exemption.
- License from the food department.
- Drug license.
- Excise license.

The official time prescribed for different approvals ranges from same day to four months. However, despite the fact that enterprises stand to benefit by registering with all concerned agencies, there is general tendency not to register. A review of Policy and Regulatory Environment for rural non farm sector in Uttar Pradesh, done by the ILO has found that despite a high level of awareness among respondents (71%), only 59 per cent of respondents have registered with one agency or other. It also observed that more than half of the rural respondents were not aware of registration provisions. Activity-wise, a larger proportion (82%) of trading enterprises was aware of the need for registration and license compared with 72 per cent in the case of manufacturing and 61 per cent in respect of service. Level of awareness among micro-enterprises less than 6 employees was lowest at 57 per cent as against 82 per cent of relatively bigger micro-enterprises (6-9 employees) and 89 per cent of small enterprises (10-19 employees). Not only the bulk of the unorganized enterprises operate as unregistered entities, even most small scale industries do not register. The third census

of small-scale industries noted ignorance about registration provisions and lack of interest in registration as reasons for this. Location-wise, more urban-based manufacturing and service enterprises are registered, perhaps because this improves their accessibility to government support services. In addition, the fear of penal action being initiated against them could be a possible motivating factor. The average number of workers in manufacturing enterprises of Uttar Pradesh was less than 2.5 persons. Thus, most enterprises are required to register with:

- Shops and Establishment Act
- Sales Tax Department
- District Industries Centre
- Local level municipal authorities
- Khadi and Gramodyog Board
- Handloom and Power-loom Corporations
- Transport Department

14 Regulatory Reform in Uttar Pradesh:

The study by the Confederation of Indian Industry and the World Bank has found that preference of the companies among the states of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerela, Punjab, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal, was the least in case of Uttar Pradesh due to regulatory burden and visits by the government officials. Recognizing that the business environment in the State compares unfavorably with many other states in India, the Government of Uttar Pradesh took some initiatives to improve the situation. The 1998 Industrial Policy introduced some specific measures to improve the regulatory framework for the MSE sector (World Bank, 2002) which briefly included:

- Single table under one roof' to obviate the need for a entrepreneur to visit different departments
- Automatic approval for industrial building plans
- Abolition of inspections
- Pollution zoning atlas for the State to facilitate with issue of no objection certificate by the Pollution Control Board
- Developing micro-enterprise cities to meet critical infrastructure gaps
- Laghu Udyog Poshan Yojana.
- Making available credit at lower rates of interest and developing service sector

V1I.19 Investment by Government in allied sectors for rural industrialization:

The Uttar Pradesh Industrial and Service Sector Investment Policy (2004) have been approved by the Cabinet on February 19, 2004. The highlights of new policy are as follows:

V1I.20 Infrastructure:

1. Creation of Industrial Infrastructure Development Fund (IIDF) with a budgetary provision of Rs.50 crores. Provision of Rs.50 crores was made for next four years also. Fund to finance and subsidize initiatives in infrastructure creation;
2. Establishment of Industrial Infrastructure Development Authority (IIDA) to manage IIDF. IIDA to work under a whole-time managing director, having professional personalities in its management. IIDA will have right to collect user-charges and raise capital and will become self-sustaining through professional project planning and implementations;
3. Creation of world class infrastructure through private partnership like trans-shipment centres, integrated transport and trade centres, exhibition halls, trade centres, container depots, way-side facilities, display centres etc.
4. Maintenance of Industrial Estates by a Cooperative Society of the entrepreneurs. The Society will receive 60% of taxes collected by the local authority and may be getting necessary financial assistance as and when necessary;

21 Power and Energy:

1. Uninterrupted power supplies for 24 hours to industrial areas. IT/BT/Food Processing/Agro-based industries involving investment of more than 10 crores and other industries involving investment of more than 50 crores will be supplied electricity through dedicated feeders;
2. Feeders having 75 per cent or more industrial load will be deemed as industrial feeders and will be exempted from power cuts;
3. Dedicated feeders built at the cost of industries shall not be tapped for any other purpose, except where such industry consents to tapping of such feeders for another industrial unit under mutual agreement;
4. Captive and co-generation to be promoted;

5. Natural gas to be promoted as an alternative source of energy;
6. Financial assistance for investment in infrastructure projects;
7. Industrial Estates for IT/BT units are eligible for 50 per cent of investment or Rs.25 million, whichever is less;
8. Other industrial estates are eligible for 20 per cent of investment or Rs.25 million, whichever is less;
9. Call centre hubs having covered area of not less than 10,000 m² are eligible for 50 per cent of investment or Rs.5 million, whichever is less;

25 Sub-Sectors Policies for Non-Farm Sector

25.1 Khadi and Village Industries (KVI)

Khadi and Village Industries (KVI) have significance in the context of MSEs in India. Khadi refers to hand spun and hand woven cloth either from any yarn (i.e., cotton, silk, woolen or a combination). The Khadi and Village industries Commission (KYIC) defines village Industries as those: 'located in rural areas or townships, the population of which does not exceed twenty thousand as per the 1991 census, which produce any goods or render any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed Rs.50,000 in plant and machinery and land and building. The higher limits were intended to widen the coverage of village industries and create relatively greater employment opportunities. Though more than 100 village industries were identified, these are grouped into seven broad categories, including service enterprises.

25.2 Khadi and Village Industries Commission:

The Khadi and village Industries Commission has the following programmes for the promotion of rural non farm sector at the all India level: (Ministry of Small-Scale Industries, Government of India, 2001-02)

26 Policy for Enhancing Productivity of Khadi and of Artisans:

The primary objectives of this scheme are to make Khadi industry more competitive with more market-driven, profitable, production and sustained employment for khadi artisans and related service providers by replacement of obsolete and old machinery and equipment and repairs to/ renovation of existing/operational machinery and equipment (Jha, 2006).

The targeted beneficiaries of the scheme would be spinners, weavers, pre-weaving artisans, washer men, dyers and printers, workers (karyakartas) of the khadi institutions, manufacturers of tools and equipment, common service providers engaged in khadi industry associated with selected khadi institutions from among the 200 Khadi institutions affiliated to KVIC/State or UT KVI Boards covering all categories of institutions as detailed below:

Category	A&A+	B	C	SC/STs	NER
No. of institutions to be covered	45	45	45	45	20

28 **Criteria for Selection:**

• **Village Industries**

The implementing agency has to be an 'A+', 'A', 'B', 'C' and SC/ST institution classified as such by the KVIC and also those registered in NER.

The implementing agency has to have a standing in the field of Khadi work for minimum period of last 20 years and be engaged in implementing Khadi programme in a composite manner, i.e., spinning, weaving and marketing of Khadi.

The scale of the activities of the implementing agency or group of implementing agencies in the selected scheme should be as follows:-

- A minimum of 300 full time artisans should be registered with the implementing agency up to 31.03.2006. For North Eastern States – 150 full time artisans;
- Production and/or average sales turn over should be at least of Rs.50.00 lakhs per annum in the last three years (up to 2005-06). In the case of North-East States – Rs.25.00 lakhs.
- Adequate land or buildings should be available with the implementing agency so as to accommodate the infrastructure envisaged in the scheme.

The implementing agency should be able to contribute its share of financial contribution as indicated in the scheme.

The implementing agency should replace the spinning and weaving implements with improved spinning implements (8-spindle N.M.C./improved basins etc.) and weaving implements (improved looms/dobby/jacquard etc.).

The implementing agency should employ one trained supervisory spinning worker over every 50 N.M.C./basin and trained supervisory weaving worker so that the quality of yarn and Khadi is not compromised in the interest of marketability of the finished product.

- The implementing agency shall draw its raw-material requirement from the nearest Central Sliver Plant of the KVIC or its local godown. In case of silk, it should be obtained from the raw material bank operated by Central Silk Board and other Government or quasi -Government agencies.
- The institutions should have reported positive financial result for the last 5 years, availed bank finance at least for last three years continuously and capable to procure additional bank finance, except the newly registered SC/ST institutions and those in NER.
- The artisans to be covered under the scheme should be brought under the umbrella of social security such as Janashree Bima Yojana and Artisans Welfare Fund Trust of the implementing agency.
- The institutions should have taken initiatives in adopting science and technology development and research and development projects by engaging qualified and experienced personnel as prescribed by KVIC.
- The institution has to submit an action plan clearly committing that during the scheme intervention it will double the production and ensure that the earning of artisans increases two fold of their present earning.
- The institution will also submit an undertaking to switch over to MDA Scheme when implemented.
- The institution will have to clearly indicate that they will conduct periodical testing of their product to ensure quality, in the manner prescribed separately by KVIC.
- Introduction of new technology and reduction in drudgery in pre as well as post weaving processes.
- Introduction of need-based dyeing and printing facilities.

29 Production of market-oriented

Production of market-oriented khadi products upto cloth stage, with higher productivity and cost competitiveness; and market promotion as well as capacity building at various levels and aspects in the functioning of Khadi institution and also engagement of expert manpower for proper implementation of the scheme.

30 Scheme Coverage

- The Scheme will cover a total of 200 Khadi institutions encompassing all categories of institutions, as mentioned under “para III - Target Beneficiaries” so as to maintain inclusive growth of khadi sector.

- While selecting the institution for implementation of the scheme, it will be ensured that the scheme spreads all over the country reasonably evenly. However, Khadi institutions in the less developed States and backward States will get assistance on preference.
- .In the same manner, Khadi institutions while selecting artisan beneficiaries will target their coverage in such a manner that the socially backward and weaker sections of the society are adequately represented. The representations at least will be SC – 15%, ST – 8.2%, Minorities – 15% and Women – 30%. Detailed records in this regard will be maintained in each assisted institution and reports furnished regularly to KVIC.

31. Financial Assistance:

- The following Table illustrates the pattern of financial assistance under the Scheme:

Sr. No.	Component	Funding pattern under the scheme (of total cost)		
		Category of Khadi institutions	Govt. Grant (%)	Institution's contribution (%)
1	Replacement of charkhas and looms (Average cost – Rs. 12 lakh per institution)	A+, A	75	25
		B & C		
		SC, ST	90	10
		NER		
2	Service Centre for warp units ready to use warps for weaving, Post loom facilities, product testing laboratory etc. (Average cost – Rs.9 lakh per SC).	A+, A	75	25
		B & C		
		SC, ST	90	10
		NER		
3	Product Development Design Intervention and Packaging (Average cost – Rs. 2 lakh per institution).	A+, A	75	25
		B & C		
		SC, ST	90	10
		NER		
4	Market Promotion Assistance (Average cost – Rs. 8 lakh per institution).	All categories	90	10
5	Capacity Building Measures Average cost – Rs. 5 lakh per institution).	All categories	90	10
6	Techno-managerial support Average cost – Rs. 5 lakh per institution).	All categories	90	10

7	Reporting, documentation, studies etc. (Lump sum Rs. 1 lakh).	All categories	100	-
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It is reiterated that the scheme is restricted for activities up to cloth stage only.

32. Export Incentive Scheme to assist Exporters of KVI Products:

The Commission in its Meeting No.526th dated 24.02.2004 considered the proposal of Ministry of Commerce for extending "Marketing Development Assistance (MDA) to Exporters" and decided to launch an Export Incentive Scheme for exporters of KVI products which was circulated vide Circular No. No.MKT/EXP /Incentive/ Policy/590-Part II/ 2003-04 Dated 17th March 2004.

The details of the scheme are as follows:-

33. Visits Aboard For Participating In International Trade Fairs/Exhibition And Sales –Cum-Study Tour etc:

- The KVI institutions/REGP units registered with KVIC/KVIB nominated by KVIC for participating in "International Exhibitions" will be provided 90% to and fro airfare by Economy class.
- The KVI institutions/REGP units registered with KVIC/KVIB nominated by KVIC for participation in "Sale cum Study Tour" abroad will be provided 90% to and fro airfare by Economy class.
- The KVI institutions/REGP units registered with KVIC/KVIB nominated by KVIC for participating in "Sales cum Study Tour"/ Exhibitions/ Buyer Seller Meet etc. abroad, will be reimbursed 25% of the total approved cost with an upper ceiling of Rs.15,000/- per event, towards actual expenditure incurred on publicity in terms of bringing out product catalogue, brochure, hand outs etc.
- Assistance for visits abroad shall be applicable only in case of visits organized and sponsored by KVIC. Participation by individual units of their own shall not be considered for assistance (Papola 1992).

34. Export Incentive For Exports Effected:

- The Export incentive @ 5% of actual export realization on FOB value of exports will be extended to exporting KVI institutions/REGP units under KVI Sector as per terms and conditions blow:
- All export-oriented units/institutions under KVIC including the direct listed units of KVIC, KVIB and their aided agencies, REGP Units enlisted with the Directorate of Marketing shall submit the export claims every year in the prescribed format and forward the same with supporting documents like G.R. forms/shipping bills, original bank certificate, audited balance sheet etc. duly countersigned by the concerned State/Divisional Directors of the Commission. Guidelines for claiming export incentive.
- Directorate of Marketing shall examine the claims reckoning those will be recovered from the Institution/REGP Unit against loans availed or any other recovery.
- The claim (excluding recoveries effected) shall be vetted by Director (Finance) and sanctioned with the approval of the competent authority in terms S.O.No.1606 dated 10.04.2002.
- Sanction Orders would be sent to the Director of Accounts who will disburse the incentive to the said institution/ REGP unit from out of G &M funds earmarked for the purpose after deduction of Commission's dues, if any.
- The assistance/support shall be extended only to KVI Institutions/REGP Units, KVIC/KVIB. (Khadi and Village Industries Commission)

35. Khadi and Village Industries Board, Uttar Pradesh:

The Uttar Pradesh Khadi and Village Industries Board was constituted under the Legislation No.10 A 1960 as consultative Board to promote Khadi and Rural industries in the state of Uttar Pradesh. Therefore, an amendment was made in 1966 in the original legislation, which empower the Board to implement all schemes of Khadi and village industries. Thereafter, the Khadi and Village Industries Board was constituted as an autonomous institution and in April 1967, all schemes implemented by the Directorate of industries for the development of Khadi and Village Industries were transferred to the Board (SSI census 2001).

The Uttar Pradesh Khadi & Village Industries Board (UPKVIB) is charged with the mission of promoting rural industrialization in U.P. through development of cottage and village Industries with a view to create employment opportunities in rural areas by:

- Creating opportunities of self employment and imparting training
- Using traditional artisan skills
- Development appropriate technology, product and process devising effective marketing strategies to market the output.

- In the operation, the Board:
- Identifies and selects potential entrepreneurs
- Provides them motivational and skill training
- Makes available financial resources on easy terms
- Guides entrepreneurs in establishing their ventures
- Provides marketing linkage and export opportunities

At present, two schemes are being implemented by the U.P Khadi and Village Industries Board:
(Khadi and Village Industries Commission and Boards)

36. Chief Minister Gramodyog Rozgar Yojna:

The Uttar Pradesh Chief Minister Gramodyog Rozgar Yojana (CM Village Industries Employment Scheme) aims to provide financial assistance to rural entrepreneurs in Uttar Pradesh, encouraging them to start their own businesses and reduce rural unemployment. The scheme provides loans up to Rs 10 lakh for term loans/working capital, with the government offering interest subsidies

37. Margin Money Scheme:

Under the scheme, loan is arranged for project costing up to the maximum of Rs.25 Lakh. 25 percent margin money is provided to projects costing up to Rs.10 lakh. For project costing between Rs.10 lakh to Rs.20 lakh, share of margin money is reduced to 10 percent. The general categories of entrepreneurs/institution/societies are required to arrange 10 percent of project cost by themselves as margin money. The entrepreneurs belonging to worker section /ST, OBC, women, handicapped, ex-service men, minorities' and people of hill areas have been placed under the special category. These entrepreneurs are provided 30 percent margin money on the project costing Rs.10 lakh. They will have to invest 5 percent of total project cost as their own share capital. The project costing beyond Rs.10 lakh and upto Rs.25 lakh, 10 percent margin money is provided (Singh A.K. & Fahimuddin 2006).

38. Insurance Scheme for Khadi Karigar-Janashree Bima Yojna:

Insurance scheme for Khadi Karigar known as Janashree Bima Yojna in collaboration with LIC has been launched by the Commission. The eligibility criteria includes that a khadi karigar should be in the age of 18 to 69 years and be below or marginally above the poverty line. The risk coverage includes death or partial disability. A scholarship scheme is also there for the benefit of wards of beneficiary. The premium

which Rs.200/- is shared by way of Rs.100/- by the government of India, Rs.50/- by the institute, Rs.25/- by the KVIC and Rs.25/- by khadi karigar.

39. In-House Test Laboratory Scheme:

The objectives of the scheme is to create testing facilities in Khadi and Village Industries for the analysis of raw materials and products and to establish standards for KVI products .Beneficiaries who are Eligible

- Any Institutions/Co-Op Societies (beneficiary) direct listed with OCKVI/any State KVIB and willing to contribute 25% of the cost of the laboratory.
- In respect of 100% women oriented Institutions the extent of financial assistance shall be 90% of the cost of the laboratory.
- Thrust products

The analysis indicates that there are large number of policies and programmes adopted by the government for the promotion of rural non-farm sector. These policies and programmes are governed by several legislations. Some of them put hurdles in the growth of the sector while quite a few of them promote it. There have been serious efforts on the part of the government to reform the policies which have become unfavorable for the promotion of non-farm sector. The promotion of Khadi and Village industries by providing various incentives has been the main plank of the policy of promotion of rural non-farm sector. The Khadi and Village Industries Commission at the national level and the Khadi and Village Industries Boards at the state level have evolved several programmes for the boost of the non-farm sector. A review of these programmes indicates that a very comprehensive policy regime has been created for development the sector. In the state of Uttar Pradesh all such initiatives have been taken by the KVIC and KVIB to promote the rural non-farm sector.

Conclusion:

The Indian government's policies and initiatives for SMEs reflect its commitment to fostering entrepreneurship, innovation, and economic growth. These policies and initiatives provide SMEs with the necessary support, including financial assistance, access to technology, and simplified regulatory procedures, to thrive and expand their businesses. SMEs should take advantage of these schemes and initiatives to overcome financial hurdles and leverage India's vast potential for growth and development.

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