

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4228
ANSWERED ON:04.05.2007
LOAN UNDER PMRY SELF EMPLOYMENT
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that banks have sought guarantee from educated unemployed youths for providing loans supposed to be given without guarantee under PMRY for their self-employment;
- (b) if so, whether any direction has been issued to the banks which have denied loans to educated unemployed youths for their self-employment;
- (c) whether the Government proposes to direct the banks to grant loans in all the cases recommended by the District Industries Centres regarding self-employment; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a): No collateral for units in industry sector with project cost up to Rs.2 lakhs (the loan ceiling under the PMRY) is required. For partnership project under industry sector, the exemption limit for requiring collateral security is Rs.5 lakh per borrowal account. For units in service and business sectors, no collateral for project up to Rs.1.00 lakh is required. Exemption from collateral in case of partnership project will also be limited to an amount of Rs.1.00 lakh per person participating in the project.
- (b): Yes, Sir. The Reserve Bank of India has issued directives to the implementing banks not to insist on collateral for loans under PMRY.
- (c) & (d): There is no such proposal under consideration.