

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:722

ANSWERED ON:02.03.2010

PROJECTS UNDER PMEGP

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

- (a) the details of employment generated and the number of persons benefited under the Prime Minister Employment Generation Programme (PMEGP) including SC/ST/OBC, handicapped, minority and persons living below the Poverty Line during each of the last three years and the current year, separately, State-wise;
- (b) the total funds granted/released/utilised during each of the last three years and the current year, State-wise and project-wise;
- (c) whether the Government has laid down any norms/guidelines for releasing the said funds;
- (d) if so, the details thereof;
- (e) the details of complaints received with regard to misutilisation of such funds and non-compliance of guidelines for granting the funds; and
- (f) the follow-up action taken in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a)&(b): Prime Minister's Employment Generation Programme' (PMEGP) has been introduced in 2008-09 for setting up micro enterprises in rural and urban areas with attractive levels of subsidy for generation of additional employment opportunities. Project-wise information is not maintained centrally. However, State-wise number of persons benefited including those from SC/ST/OBC handicapped, minority and persons living below the poverty line in respect of units assisted, employment generated and margin money subsidy utilised during 2008-09 and in current year (upto 25 February 2010) is given at Annex I and II, respectively.

(c)&(d): The Government provides funds under PMEGP to the nodal implementing agency, i.e. Khadi and Village Industries Commission (KVIC) which will in turn, place the margin money funds with the implementing Banks at the State level in their respective accounts in accordance with the targets allocated to each implementing agency namely, field offices of KVIC, State/UT Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs). Once the Margin Money is released in favour of the loanee, it will be kept in the Term Deposit Receipt (TDR) of three years at branch level in the name of the beneficiary/Institution which will later be credited to the Borrowers loan account after three years from the date of first disbursement to the borrower/institution, by the Bank. No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.. Detailed guidelines for implementation of PMEGP including the norms for releasing of funds are available in the Ministry's website www.msme.gov.in.

(e)&(f): While PMEGP has received good response across the country, there have been some instances where the entrepreneurs proposing to set up projects under PMEGP faced some difficulties which mainly involved delay in clearing their applications by the District Level Task Force Committee (DLTFC) and the delay in processing their applications for sanction of loan by banks. These complaints were attended to promptly and taken up at the Ministry level with KVIC, State Industries Departments and CMDs of the concerned banks for redressal. Some entrepreneurs also faced the problem of banks demanding collateral against sanction of their loan even upto Rs. 5 lakh. On the matter having been taken up with RBI, the latter have reinforced the existing instructions to banks so that entrepreneurs could avail collateral free loan upto Rs. 5 lakh under PMEGP.