

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

UNSTARRED QUESTION NO:5149

ANSWERED ON:27.04.2010

LOANS UNDER PMEGP AND KVIC

Kumar Shri Vishwa Mohan;Pandey Shri Ravindra Kumar;Singh Shri Ratan

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

- (a) whether the Government has any scheme to provide loans under the Prime Minister Employment Generation Programme (PMEGP) and the Khadi and Village Industries Commission (KVIC) for SC/ST/OBC, Minorities, self employed and for families living below poverty line in the country for promoting the industries in rural and urban areas;
- (b) if so, the details thereof and the details of loans sanctioned alongwith the number of loan applications received during each of the last three years, State-wise;
- (c) whether the Government has constituted State level special task force/ Committee to process such applications;
- (d) if so, the details and the total number of applications approved alongwith the loans sanctioned by the Bank during the said period, State-wise;
- (e) whether loans are not being provided by the banks on the applications forwarded by such Committee; and
- (f) if so, the details thereof and the reasons therefor, State-wise?

Answer

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

(a) to (f): The Union Government through Khadi and Village Industries Commission (KVIC) has been implementing Prime Minister's Employment Generation Programme' (PMEGP) since 2008-09 for setting up micro enterprises in rural and urban areas with attractive levels of subsidy for generation of additional employment opportunities. Under PMEGP, financial assistance is provided for units costing upto Rs. 10 lakh in service sector and Rs. 25 lakh in manufacturing sector. Relaxation has been given to the beneficiaries belonging to weaker sections including Scheduled Castes, Scheduled Tribes, Other Backward Classes, Minorities, differently abled, women, beneficiaries from North Eastern States as well as from hilly areas. The assistance is provided in the form of margin money subsidy upto 35 per cent for the beneficiaries belonging to weaker sections (25 per cent in the case of general category) of the project cost in rural areas while it is 25 per cent (15 per cent in the case of general category) for urban areas. The own contribution of the beneficiary belonging to weaker sections is 5% of the project cost while it is 10% in the case of general category. KVIC is the nodal agency at the national level and at the State/Union Territories level, the scheme is being implemented through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards and District Industries Centres (DICs) with involvement of banks.

Applications received from eligible entrepreneurs by the Implementing agencies are scrutinized by the District Level Task Force Committees (DTFC) constituted in each district under the chairmanship of concerned District Magistrate/Deputy Commissioner/Collector and based on the experience, technical qualifications, skill of the applicant, viability of the project, etc., the applications/project proposals are short-listed and recommended to banks for sanctioning of loan. Banks take the final credit decision considering the viability of projects. Rejections of applications by banks are also reported due to various reasons which include incomplete documentation/information and exceeding project cost limit, etc.

Details of loan applications received by the Implementing Agencies, number of applications recommended by DTFC for sanctioning loan and number of cases sanctioned loan during 2008-09 and 2009-10 are given at Annex. I and II, respectively.