

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

UNSTARRED QUESTION NO:3713  
ANSWERED ON:17.08.2010  
LOANS UNDER PMEGP  
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**Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:**

- (a) whether the Government has any scheme to provide loans for employment of the youth under the Prime Minister's Employment Generation Programme (PMEGP);
- (b) if so, the details thereof alongwith the details of loans granted and released to such youth during each of the last three years and the current year, State-wise separately;
- (c) the criteria adopted by the Government to sanction such loans;
- (d) the total number of defaulters registered in this regard; and
- (e) the steps taken by the Government to check such incidents in future?

**Answer**

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

(a) to (c): The Government (in the Ministry of Micro, Small and Medium Enterprises) has been implementing the Prime Minister's Employment Generation Programme (PMEGP) for generating employment through setting up 'micro enterprises', through Khadi and Village Industries Commission (KVIC) as the nodal agency at the national level and through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards and District Industries Centres at the State/Union Territories level, with involvement of banks. Under PMEGP, margin money assistance is provided to the interested persons for setting up new micro enterprises in manufacturing or service sector with substantial credit extended by banks depending upon the project cost and location / category of the beneficiary. PMEGP was introduced in 2008-09 by merging the erstwhile Pradhan Mantri Rozgar Yojana and Rural Employment Generation Programme. PMEGP is implemented in both rural as well as urban areas, throughout the country. The margin money assistance provided under PMEGP is as under:

Categories of beneficiaries    Beneficiary's Contribution Rate of Margin Money Subsidy  
under PMEGP    (% of project cost)    (% of project cost)

Area (location of project/unit)	Urban	Rural
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General Category	10%	15%	25%
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Special Category (including SC/ST/OBC/ Minorities/Women, Ex-ervicemen, Physically handicapped, NER, Hill and Border areas etc.)	05%	25%	35%
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PMEGP is implemented through KVIC as the nodal agency at the national level. At the State/Union Territory level, the scheme is implemented through field offices of KVIC, State/ Union Territory Khadi and Village Industries Boards (KVIBs) and District Industries Centres(DICs) with involvement of banks. The State/UT - wise details of margin money utilised under PMEGP during 2008-09 and 2009-10, and of funds allocated for 2010-11 are given at Annex.

The criteria for eligibility for the beneficiaries under PMEGP include:

- (i) the beneficiary should be of 18 years of age or above,
- (ii) only one person from one family is eligible,

(iii) fixed capital investment should not exceed Rs.1 lakh per worker employed in areas other than hilly areas (Rs. 1.5 lakh in hilly areas),

(iv) for setting up of projects costing above Rs.10 lakh in the manufacturing sector and above Rs.5 lakh in the Business/Services sector, the beneficiaries should possess at least VIII standard pass educational qualification,

(v) assistance under the scheme is available only for new projects sanctioned specifically under the PMEGP,

(vi) the beneficiary will contribute 10 per cent of the project cost as own contribution(5 per cent for certain weaker-sections, viz., Scheduled Castes, Scheduled Tribes, Women, Ex-servicemen, etc.).

KVIC being the nodal agency for implementation of PMEGP, assigns targets to its field offices / KVIBs of States/Union Territories and State Governments. District-wise target is decided by State Level Bankers' Coordination Committee (SLBCC). KVIC also identifies the Nodal Bank Branches in consultation with State Governments and places the Margin Money (subsidy) with these branches both for rural and urban areas.

Targets under PMEGP are decided on the basis of the criteria of rural population of the State, backwardness of the State, past performance of the State under REGP/ PMEGP Scheme, urban unemployment level, etc.

The decision as to whether to sanction loan to a beneficiary recommended by District Level Task Force (DLTF) is finally taken by the Banks.

(d): PMEGP was introduced only about two years back, and the lock-in period of margin money subsidy is for 3 years and hence the occasion for defaulters in loan repayment has not arisen as yet.

(e): In view of the answer given to (d) above, the question does not arise.