

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5148  
ANSWERED ON:27.08.2010  
LOANS UNDER PMRY  
Sethi Shri Arjun Charan

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government has issued any directions to the Public Sector Banks (PSBs) regarding collateral mortgages for raising loans by the Micro, Small and Medium Enterprises (MSMEs) particularly loans and advances under the Pradhan Mantri Rozgar Yojana (PMRY) Scheme; and

(b) if so, the details thereof alongwith the loans disbursed to MSMEs without the collateral mortgages?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a): RBI, vide its circular RPCD.SME&NFS.BC.NO.79/06.02.31(P)/2009-10 dated May 6, 2010, addressed to scheduled commercial banks has modified its earlier guidelines on extending collateral free loans by enhancing the limit from the existing Rs.5 lakh to Rs.10 lakh to all units in the Micro and Small Enterprises (MSE) sector. Accordingly, SIDBI has also issued necessary guidelines to all its operating offices not to obtain collateral security in cases of loans upto Rs.10 lakh extended to all units of the MSE sector. Further, as per the loan policy of SIDBI, all the credit facilities upto Rs.100 lakh to the eligible MSE borrowers would be covered under Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises. However, w.e.f.1st April 2008 Pradhan Mantri Rozgar Yojana (PMRY) Scheme stands merged with Rural Employment Generation Programme (REGP) and a new scheme called Prime Minister Employment Generation Programme (PMEGP) has been introduced and the Khadi and Village Industries Commission (KVIC) is the single national level nodal implementation agency for PMEGP.

(b): SIDBI has informed that as on 24th August 2010 they have disbursed loans of Rs. 612 crore to 3515 MSEs without Collaterals under Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). Further, cumulatively as on August 24, 2010, CGTMSE has extended credit guarantee cover to more than 3,97,500 proposals for over Rs. 16,000 crore.