

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4518
ANSWERED ON:20.08.2010
LOAN FOR SELF EMPLOYMENT ACTIVITIES
Agarwal Shri Jai Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the educated unemployed persons are facing a lot of difficulties to get loans for self-employment ventures;
- (b) if so, the details thereof and reasons therefor; and
- (c) the remedial action taken/proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMONARAIN MEENA)

(a) & (b): The Ministry of Micro, Small and Medium Enterprises (MSME) has been implementing the Prime Minister's Employment Generation Programme (PMEGP), from 2008-09, for employment generation through setting up of micro enterprises engaged in manufacture of goods and providing services.

The Ministry of MSME has reported having received no specific complaints from educated unemployed youth regarding difficulties faced in getting loans from banks under PMEGP.

As per report of Ministry of MSME, during 2009-10, 67,473 cases were sanctioned by the Banks under the programme and 39,335 cases disbursed. During 2010-11 (upto 15-07-2010), 5,263 applications have been sanctioned and 3,311 cases have been disbursed by the banks.

The Ministry of MSME has reported that main reasons for rejection of loan applications include deficiencies in the loan application/project, insistence on equitable mortgage, perceived non-viability of the project, etc.

(c): The Ministry of MSME has reported that the complaints regarding insistence by banks on collaterals even for projects having loan requirements below Rs. 5 lakh, rejection by banks of cases recommended by District Level Task Force Committee (DLTFC), etc., were promptly taken up with concerned authorities and grievances were mitigated as per guidelines of the scheme.

The Khadi and Village Industries Commission, which is the Nodal Agency for PMEGP, has been advised to remain vigilant and alert the other implementing agencies and senior authorities of banks to ensure that genuine beneficiaries do not face any problem.

Further, the State Governments have also been requested to instruct the District Magistrates (who are heading the District Level Task Force) to ensure that the cases of rejection are regularly reviewed in its meetings so that there is no arbitrary rejection of recommended cases.