

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

UNSTARRED QUESTION NO:2098
ANSWERED ON:23.11.2010
INTEREST SUBSIDY ELIGIBILITY CERTIFICATE SCHEME
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has launched Interest Subsidy Eligibility Certificate (ISEC) scheme in the country;
- (b) if so, the details thereof alongwith the salient features thereof; and
- (c) the steps taken by the Government to monitor the implementation of the scheme?

Answer

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

(a) & (b): Khadi and Village Industries Commission (KVIC) has been implementing the Interest Subsidy Eligibility Certificate (ISEC) Scheme since 1977-78 to mobilize funds from banks at subsidized cost to meet the working capital requirement of the registered khadi and village industries institutions. Under the ISEC scheme, loan at the concessional rate of interest of 4 per cent per annum is made available by banks to such registered institutions and the difference between the actual interest rate charged by the bank and 4 per cent is paid to the lending bank by the Central Government through KVIC. Initially, the entire khadi and village industries sector was covered under the ISEC Scheme, but with the introduction of a separate scheme named Rural Employment Generation Programme (REGP) for village industries sector with effect from 01.04.1995, the ISEC scheme supports mainly the khadi and the polyvastra producing institutions and the existing village industry institutions were also allowed to avail the credit facilities under ISEC scheme restricted to the level as on 31 March 1995, or actuals, whichever is less. New village industries units are provided benefits under another credit-linked subsidy schemes, namely, REGP which got subsumed in the new Prime Minister's Employment Generation Programme (PMEGP) with effect from 2008-09 with enhanced quantum of subsidy.

The ISEC Scheme has been continued with approval of competent authority for implementation during XI Five Year Plan.

(c): The implementation of the schemes of KVIC, including ISEC, is monitored at KVIC level and also during review meetings and Core Group meetings held in the Ministry. Also, KVIC has directed its State / Divisional Directors to pursue with the senior officers of the banks through personal initiative and ensure that banks sanction adequate finance to khadi institutions. Instructions have also been issued by KVIC to all its field offices to impress upon State Level Bankers Committee (SLBC) for incorporating ISEC as a regular agenda item in the meetings of SLBC. Chairpersons / Managing Directors of banks have also been requested to issue suitable directions to the officials of their banks for adhering to these instructions.