

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

UNSTARRED QUESTION NO:2998
ANSWERED ON:08.12.2009
PROJECTS UNDER PMEGP
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government provides any financial assistance to the various projects running under the Prime Minister's Employment Generation Programme (PMEGP);
- (b) if so, the details thereof;
- (c) the number and details of projects provided financial assistance against the target set forth during the current year; and
- (d) the reasons for not reaching the targets in this regard and the corrective action taken thereon?

Answer

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

(a)&(b): The Union Government has introduced 'Prime Minister's Employment Generation Programme (PMEGP)' during 2008-09 which is a significant initiative for setting up micro enterprises with attractive levels of subsidy. Under this programme, financial assistance is provided for setting up of micro-enterprises costing upto Rs. 10 lakh in service sector and Rs. 25 lakh in manufacturing sector. The assistance is provided in the form of subsidy upto 25 per cent (35 per cent for weaker sections) of the project cost in rural areas while it is 15 per cent (25 per cent for weaker sections) for urban areas. It is implemented through Khadi and Village Industries Commission (KVIC) as the single nodal agency at the national level. At the State/Union Territories level, the scheme is being implemented through field offices of KVIC, State/Union Territory Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) with involvement of banks.

(c)&(d): Financial assistance in the form of Margin Money subsidy is provided for the projects selected under PMEGP by the District Level Task Forces constituted by the respective State Governments for the purpose. To make the scheme more effective, the beneficiaries who are first generation entrepreneurs are trained before disbursement of credit and for this, a fairly detailed process has been stipulated. Although no rigid targets as regards the number of projects has been kept, on the basis of availability of margin money subsidy within the budget, the PMEGP target for 2009-10 was worked out to be around 61,697 units. As against the target, a total of 1,23,600 applications have already been received by the Task Force of which 38,318 projects were recommended to Banks. Banks have, however, sanctioned 12,470 cases as on 13.11.2009. It is expected that achievements would pick up faster towards the end of current financial year.

For achieving the targets of 2009-10 several steps have been taken. Chief Ministers of all States have been requested to instruct the State implementing agencies, namely, DICs, KVIBs to put in more concerted efforts in achieving the targets under PMEGP. Regular review meetings are undertaken by National Level Monitoring Committee and at the level of KVIC and others. Project profiles of more than 300 model projects have been made available in the websites namely www.kvic.org.in and www.pmegp.in and around 515 training centers across the country have been accredited by KVIC for imparting EDP training to the PMEGP beneficiaries for facilitating the off-take of bank finance with margin money subsidy. A review meeting has also been held with senior management of Banks to further improve and expedite the process of sanction of projects and release of subsidy to beneficiaries.