

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

UNSTARRED QUESTION NO:863

ANSWERED ON:16.07.2014

PMEGP

Kodikunnil Shri Suresh

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the present status of implementation of the Prime Minister's Employment Generation Programme (PMEGP) in the country;
- (b) the amount spent under the Programme during each of the last three years and the current year, State-wise/UT wise and the physical and financial targets fixed for the current fiscal;
- (c) whether cases of funds being lapsed have come to the notice of the Government;
- (d) if so, the details thereof and the reasons therefor, State-wise including Kerala; and
- (e) whether the financial institutions have been insisting for collateral securities for loans under the scheme and if so, the details thereof?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI KALRAJ MISHRA)

(a): Government in the Ministry of MSME has been implementing a credit-linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) since 2008-09 through Banks with Khadi and Village Industries Commission (KVIC) as nodal agency at the national level for generating employment in the Country by setting up of micro- enterprises in the non-farm sector. Under PMEGP, general category beneficiaries can avail of margin money subsidy of 25% of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled castes, scheduled tribes, OBCs, minorities, women, ex-servicemen, physically handicapped, beneficiaries belonging to North Eastern Region, hill and border areas, etc., the margin money subsidy is 35% in rural areas and 25% in urban area. The maximum cost of project is ` 25 lakh in the manufacturing sector and ` 10 lakh in the service sector. Under PMEGP, a total of 2.73 lakh micro enterprises have been assisted with a margin money subsidy of Rs 5223.90 crore providing employment to an estimated 24.02 lakh persons since its inception till 2013-14.

(b): State-wise margin money subsidy provided under PMEGP during the last three years and current year is given at Annex I. State-wise physical and financial targets fixed by KVIC under PMEGP for the current year is given at Annex II.

(c)&(d): Funds under PMEGP are released by the Ministry to KVIC which in turn transfer the funds to the Banks at the State level based on performance and utilisation of the funds released earlier. PMEGP is a credit linked subsidy scheme which in turn is based on the demand from the potential entrepreneurs and the sanction/ disbursed by Banks are dependent on the appraisal & viability of the projects. During 2013-14, a provision of Rs 1418.28 crore was kept under PMEGP which was reduced to Rs 1176.12 crore at the RE stage. The implementation of the scheme and achievement of physical and financial targets is kept under constant review and follow-up action is taken wherever necessary.

(e): Loans upto Rs. 10 lakh under PMEGP are collateral free. No specific complaint has been received against the financial institutions insisting for collateral securities for loans under the scheme.