

Government of India
Ministry of Finance
Department of Financial services

RAJYA SABHA

UNSTARRED QUESTION NO. 1807

TO BE ANSWERED ON TUESDAY, DECEMBER 19, 2023/AGRAHAYANA 28, 1945 (SAKA)

UTILIZATION OF FUNDS UNDER PMMY

1807. Ms. DOLA SEN:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has planned any measures to ensure the effective utilization of funds disbursed under Pradhan Mantri Mudra Yojana (PMMY);
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether Government has implemented an evaluation mechanism for the loans disbursed under the Scheme to enterprises;
- (d) if so, the details thereof, and if not, the reasons therefor;
- (e) whether Government has planned a mechanism to recover loans that have turned bad under the Scheme since its inception; and
- (f) if so, the details thereof, and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(Dr. BHAGWAT KARAD)

(a) to (d) The monitoring mechanisms adopted by the Government to ensure effective sanctioning and utilisation of loans disbursed by Member Lending Institutions (MLIs) under Pradhan Mantri Mudra Yojana (PMMY) include; setting of annual targets, periodic reviews of the performance of Public Sector Banks (PSBs) and Private Sector Banks, etc. In addition, lenders undertake:

- i. pre-sanction field visits to verify details as provided in the loan applications by the borrower and post-sanction visits for verification of assets created out of the loan amount;
- ii. collection of stock statement of the unit of the borrower and its periodic verification for fixing Drawing Power (DP) for working capital for a particular period;
- iii. Periodic monitoring of cash flow data to analyse where the unit receives its money from (cash inflow) and how it spends (cash outflow) and
- iv. monitoring of early warning signals (EWS) which throw up alerts for Member Lending Institutions (MLIs).

(e) and (f) As per data uploaded by MLIs on Mudra portal, percentage of NPA against disbursement has been 2.68 %, as on June, 2023. However, steps taken by PSBs for recovery of NPA under PMMY include:

- i. constant follow up and increased frequency of customer connect;
- ii. settlement through Lok Adalats, service of legal notices and initiation of legal action in the form of civil suits, etc.;
- iii. restructuring of eligible accounts and One Time Settlement (OTS).
