

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION No. 1223
TO BE ANSWERED ON 10.03.2025

ELIGIBILITY CRITERIA FOR PMEGP

1223. SHRI TIRUCHI SIVA:

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

- (a) whether stringent credit assessments and collateral requirements under Prime Minister's Employment Generation Programme (PMEGP), particularly for loans exceeding Rs 10 lakh have resulted in extremely high rejection rates;
- (b) if so, whether any measures proposed to improve accessibility for economically weaker sections;
- (c) whether Government plans to review the Class-VIII educational qualification requirement under PMEGP criterion, which excludes traditional artisans who acquire skills through informal mentorship rather than formal education; and
- (d) the State-wise fund utilization rates under PMEGP, and the reasons for significant disparities?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): Under Prime Minister's Employment Generation Programme (PMEGP), banks appraise the projects and take their own credit decisions on the basis of viability of each project. Banks are advised to extend collateral-free loans for projects involving loan up to 10 lakhs in line with the guidelines of RBI. The issue of high rejection of applications has been taken up periodically in various forums, i.e., State level Bankers Committee meetings, State Level Monitoring Committee meetings, Banker's review meetings and Zonal review meetings to review the scheme's performance and its effective monitoring and implementation at the ground level. Accordingly, rejection rate of applications by banks has reduced from 63.5% in FY 2019-20 to 42.3% in FY 2024-25.

(b): Measures taken by Government to improve accessibility for PMEGP beneficiaries including economically weaker sections:

- i. Beneficiaries under Special Category including SC, ST, OBC, Minorities, Women etc. are provided with higher subsidy of 25% and 35% of the project cost in urban and rural areas respectively as compared to 15% and 25% of the project cost for General Category beneficiaries.
- ii. Enhancing the scope of activities by modifying the Negative List to allow more activities under Animal Husbandry connected with Dairy, Poultry, Aquaculture and Insects.
- iii. Conducting awareness programmes in all the States/UTs including backward and under-performing areas, Aspirational districts, North Eastern Region, etc. with focus on special category.

: 2 :

- iv. Conducting two-days free online Entrepreneurship Development Programme (EDP) for prospective entrepreneurs.
- v. Acceptance of PMEGP offline applications from prospective beneficiaries in 11 regional languages since January 2024.

(c): Under PMEGP Scheme, no educational qualification is required for projects costing up to Rs. 10.00 lakh in Manufacturing and Rs. 5.00 lakh in Service Sector respectively. Presently, there is no proposal under consideration of Government to review the Class-VIII educational qualification requirement under PMEGP for projects cost more than Rs 10.00 lakh in manufacturing and Rs 5.00 lakh in service sector respectively.

(d): Prime Minister's Employment Generation Programme being a Central sector scheme, no State wise allocation of budget is done. Funds are utilised based on the demand generated and loans sanctioned by the financial institutions. State-wise performance of PMEGP Scheme in terms of Margin Money (MM) subsidy disbursed and number of units assisted for the current financial year, i.e., FY2024-25 (upto 06.03.2025) is given at Annexure I.

Annexure-I: referred to in reply to part (d) of the Rajya Sabha Unstarred Question No. 1223 for answer on 10.03.2025.

State-wise performance of PMEGP Scheme (Margin Money (MM) subsidy disbursed and number of units assisted for the current financial year, i.e., FY2024-25 (upto 06.03.2025):

State	No. of Units Assisted	MM Subsidy disbursed (Rs. Crore)
Andaman Nicobar	39	0.51
Andhra Pradesh	2,846	132.34
Arunachal Pradesh	105	5.84
Assam	2,017	57.85
Bihar	2,850	80.18
Chandigarh	4	0.22
Chhattisgarh	1,231	37.92
Delhi	20	1.30
Goa	24	1.01
Gujarat*	1,681	196.27
Haryana	665	36.97
Himachal Pradesh	622	23.00
Jammu Kashmir	5,229	145.48
Jharkhand	487	10.89
Karnataka	2,055	66.57
Kerala	1,455	36.56
Ladakh	67	3.17
Lakshadweep	-	-
Madhya Pradesh	2,064	64.47
Maharashtra**	1,399	79.33
Manipur	411	9.77
Meghalaya	535	15.17
Mizoram	300	10.74
Nagaland	769	25.18
Odisha	1,377	37.45
Puducherry	25	0.72
Punjab	810	61.04
Rajasthan	795	65.83
Sikkim	102	2.93
Tamil Nadu	2,849	90.66
Telangana	1,345	62.41
Tripura	470	11.79
Uttar Pradesh	4,769	186.79
Uttarakhand	544	16.65
West Bengal	739	28.72
Total	40,700	1,605.77

* Including Daman and Diu ** Including Dadra Nagar and Haveli