

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**UNSTARRED QUESTION No. 286**  
**TO BE ANSWERED ON 02.02.2026**

**AMENDMENTS IN PM EMPLOYMENT GENERATION PROGRAMME**

286. SHRI TIRUCHI SIVA:

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

- (a) whether Government is considering to establish a separate category under PMEGP to facilitate monitoring and access to small loans, if so, the details thereof, and if not, the reasons therefor;
- (b) whether any integrated system of grievance redressal is being developed, which requires all agencies to join, to ensure greater transparency for beneficiaries, if so, timeline for its implementation; and
- (c) whether it is a fact that interest rates under the scheme are left to individual banks, if so, the details of any steps being taken to ensure even lending terms for all beneficiaries, in line with the recommendation of the Standing Committee?

**ANSWER**

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

(a): Prime Minister's Employment Generation Programme (PMEGP) is a central sector scheme which assists prospective beneficiaries in establishing new micro-enterprises primarily with small project costs which are facilitated through small loans. During the last five-year period from FY 2020–21 to FY 2024–25, approximately 63% of units under manufacturing sector and 93% of units under service sector having projects cost up to Rs. 10 lakh have been assisted. Furthermore, following measures have been undertaken to facilitate access to credit and subsidies for smaller projects under PMEGP:

- i. Priority is being accorded to applications from beneficiaries with smaller project costs below Rs. 10 lakh.
- ii. As per Reserve Bank of India (RBI) Guidelines, no collateral security is to be insisted by Banks for projects involving loan upto Rs. 10 lakh. Strict compliance of this provision has also been reemphasized by the Ministry to all major Banks.
- iii. There is no requirement for any educational qualification for setting up of projects costing up to Rs. 10 lakh in manufacturing sector and up to Rs. 5 lakh in service sector.

(b): Ministry of MSME is operating an integrated Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength (CHAMPIONS) portal aimed at speedy, convenient, and effective redressal of grievances pertaining to schemes of the Ministry including PMEGP, handholding and helping MSMEs in their navigation of various government schemes/policies, providing guidance and advisory services and connecting MSMEs with key officials of Ministry, State Governments, Lending Institutions and Government agencies.

(c): Reserve Bank of India (RBI) has deregulated interest rates on bank advances. Therefore, interest rates for PMEGP loans are determined by individual banks linked to their individual credit and underwriting policies within the regulatory framework prescribed by RBI. However, RBI has issued directions to all Regulated Entities to ensure transparency, fairness, and adequate disclosure of loan terms, thereby enabling PMEGP beneficiaries to make informed decisions and preventing arbitrary interest recovery. RBI has also issued necessary guidelines to the Banks to accord priority in sanctioning projects under PMEGP.

\*\*\*\*\*