

## Government to extend support to 80,000 new micro enterprises under PMEGP

In a meeting held recently, chaired by Smt. Nirmala Sitharaman, Hon'ble Finance Minister and Shri Nitin Gadkari, Hon'ble Minister of MSME, with senior management of all Banks, some of the key schemes of Ministry of MSME which generate large number of jobs with low capital investment were reviewed. The focus of the meeting was on the Prime Minister's Employment Generation Programme (PMEGP), a flagship scheme of the Ministry of MSME, and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). In addition, the issue of restructuring of stressed loans to MSMEs was also discussed to find a way forward to support MSMEs.

Both the Union Ministers commended the work done by the Banks in supporting setting up large number of enterprises under PMEGP over the past years, which has particularly seen a two-fold increase in last Financial Year when more than 73,000 micro enterprises were assisted.

**To give further boost to the scheme, the target in the current year has been increased to support the establishments of 80,000 units.** In the current year, more than 46,000 units have already been provided with loans by the various Banks and additionally 22,000 loan applications have also been sanctioned and are awaiting disbursement. Banks were requested to release the loans in such approved cases immediately. Besides, the Banks were requested to take up about 1.18 lakh pending loan applications latest by 15<sup>th</sup> March, 2020, with special emphasis on North Eastern Region (NER).

Data analysis of applications rejected by Banks revealed that 11% of the proposals are rejected because the targets given to local banks under PMEGP are met. To address this issue, Banks were requested to increase lending under the scheme and revise their policy of fixing minimum targets so that all eligible applications can be considered for sanction. Similarly, it was found that 11% of the applications are also rejected since the applications received by the banks were outside their service jurisdiction. Accordingly, Banks were also asked to devise a mechanism whereby applications outside their service jurisdiction can be automatically transferred to other appropriate branches in the area. A simple procedural change will now ensure that these applications will get considered on merit instead of being rejected summarily. The endeavour of the government is to grant a fair opportunity to every aspiring entrepreneur.

Discussions were also held with Banks on increasing the reach of Credit Guarantee scheme. Government has set a target of increasing credit guarantee to Rs. 50,000 crores under this scheme, which is a jump of about 67% over the last year. The Banks brought out that there is a huge demand under this scheme and they are confident of achieving this target.

Finance Minister and Minister of MSME emphasised upon the need for providing support to the MSMEs by suitably restructuring the stressed loans at an early stage. All CMDs agreed to

support MSMEs in restructuring their stressed loans. Further they confirmed that in accordance with the Budget announcement, the cut-off date for restructuring of loans to MSMEs has been already extended up to 31st December 2020.

The meeting concluded with the optimism that these initiatives taken for the MSME sector will go a long way in providing support to the sector, thereby increasing employment opportunities. The meeting with Bankers clearly indicates the resolve and efforts of the Government in supporting the MSME sector which is the backbone of the economy.

Please contact for any query related to this mail to Ms Kritika Bhasin, Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in) with a cc to Dr S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms Surbhi Sharma, Associate Economist at [surbhi@phdcci.in](mailto:surbhi@phdcci.in), PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on



*"Towards Inclusive & Prosperous New India"*



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in); CIN: U74899DL1951GAP001947

Connect with us:



**COPYRIGHT:** All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

**DISCLAIMER:** This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.