

of an Expert Committee and after trying pilot projects and extensive consultations with stakeholders, the Government has introduced a more flexible scheme, namely, Market Development Assistance (MDA) Scheme on production of khadi in place of existing scheme of Rebate on sales with effect from 01.04.2010. The scheme envisages financial assistance @ 20% of production value on khadi and polyvastra which will be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. Under the new system of MDA, sales are expected to be evenly spread throughout the year, the institutions will have the flexibility to use the assistance in improving the outlets, products, giving incentive to customers, etc.

(d) The erstwhile scheme of rebate on sales caused delay in paying incentives to the institutions in the sense that they would have to wait till sale and wait till next year to get the claims reimbursed. Under MDA, incentive would be provided immediately after production of the items and this is expected to ease out the working capital situation of the institutions by ensuring immediate liquidity which would in turn ensure timely payment to the artisans. The newly introduced MDA scheme has a provision of sharing 25% of the assistance (MDA) with the artisans as incentive or bonus in addition to their wages through their bank accounts or post office accounts.

(e) and (f) For the development of khadi sector, the Government, through KVIC, has introduced several other new schemes, in addition to MDA scheme for khadi and polyvastra, namely, 'Workshed Scheme for Khadi Artisans' for providing assistance for construction of worksheds for better work environment and the 'Scheme for enhancing productivity and competitiveness of Khadi Industries and Artisans' to assist 200 khadi institutions to make khadi industry competitive with more market driven and profitable production by replacement of obsolete and old machinery and equipment and 'Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' which includes strengthening of infrastructure of existing 100 weak selected khadi institutions. Besides, the recently introduced Khadi Reforms and Development Programme funded by the Asian Development Bank also provides for revitalization of khadi sector through measures which, *inter alia*, include enhanced employment and earnings of the artisans through their capacity building and empowerment.

#### **Development and promotion of MSMEs**

856. SHRIMATI GUNDU SUDHARANI:

SHRI R.C. SINGH:

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

(a) the details of roadmap for development and promotion of MSMEs chalked out by the PM Task Force which submitted its report recently;

(b) details of thematic areas covered by the Task Force for enhancing credit flow to MSMEs;

(c) whether it is a fact that inspite of RBI's clear direction, not to accept collateral security for MSMEs up to Rs. 10 lakhs, the financial institutions are insisting for the same and creating hurdles for MSMEs; and

(d) if so, the manner in which the Ministry is planning to ensure that RBI's direction is strictly followed by all the financial institutions?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH): (a) and (b) The report submitted by the Task Force on Micro, Small and Medium Enterprises (MSMEs) has made recommendations on policy/programme support, institutional matters and legal/regulatory measures for the growth of MSMEs in the country. The recommendations made cover the thematic areas of credit, taxation, labour issues, infrastructure/technology/skill development, marketing, rehabilitation and exit policy and special measures for North-Eastern Region and Jammu and Kashmir. On the thematic area of credit, the Task Force has made various recommendations for enhancing its flow to the sector which, *inter alia*, include: (i) 20 per cent year-on-year growth in credit to micro and small enterprises (MSEs); (ii) strict adherence to allocation of 60 per cent of MSE credit to micro enterprises and (iii) 15 per cent annual growth in number of micro enterprise accounts by scheduled commercial banks.

(c) and (d) Based on the recommendations of the Working Group constituted to review the Credit Guarantee Scheme (CGS), Reserve Bank of India has issued instructions in May, 2010 making it mandatory for banks not to accept collateral security in the case of loans upto Rs.10 lakh extended to units in the MSE sector. RBI has informed that whenever any specific complaint against a bank is received, the matter is taken up with the Head Office of the concerned banks to resolve the issue. Banks have also set up MSME Care Centres to facilitate entrepreneurs for quick redressal of their grievances.

#### **Benefits to unemployed youth under PMEGP**

†857. SHRI SAMAN PATHAK: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether Government is aware of the benefits accrued to unemployed youths from the loan given by the Khadi Board under the Prime Minister's Employment Generation Programme (PMEGP);

(b) if so, the details thereof, State-wise;

(c) whether Government is contemplating to adopt much simpler process for obtaining loans;

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†Original notice of the question was received in Hindi.