

not wish to sit in judgement on what the Andhra Pradesh Government decided. But I would say that there are enormous problems involved in effecting a change to the Constitution at this stage, and I would rather concentrate on implementing the existing provisions.

MR. CHAIRMAN: That is all right.

✓ SHRI RAVULA CHANDRA SEKAR REDDY: Sir, my request is, in view of the unanimous Resolution of Andhra Pradesh Assembly, will the hon. Minister ...

✓ MR. CHAIRMAN: You have already put your question. Now, next question. Question No. 304.

### **Self-employment schemes**

\*304. SHRI ANAND SHARMA: Will the Minister of FINANCE be pleased to state:

(a) what are the various self-employment schemes being run for extending credit to unemployed youth by different banks in different States;

(b) whether these schemes conform to the local resource availability and the employment based on such resources;

(c) whether a periodic evaluation is done to judge their efficacy for continuation; if so, the resultant achievements in terms of credit extended for self-employment; and

(d) the details of the credit schemes, which were initiated but failed to take off to promote sustainable employment and the reasons for their failure?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM):

(a) to (d) A Statement is placed on the Table of the House.

### **Statement**

(a) Credit is being provided by banks in different States under various self employment schemes, namely Swarnajayanti Gram Swarozgar Yojana (SGSY), Swarna Jayanti Shahari Rozgar Yojana (SJSRY), National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS), Prime Minister Rozgar Yojana (PMRY) and Differential Rate of Interest Scheme (DRI) implemented by different Ministries/Departments.

(b) Yes, Sir.

(c) Evaluation studies have been conducted in respect of four of the five programmes, viz., SGSY, PMRY, SJSRY and NSLRS to judge their efficacy. The details of achievements under various self-employment schemes in terms of cases covered and credit disbursed are as under:

#### SGSY

Year	Target	Total applications received	Total applications sanctioned	Credit disbursed (Rs. in crores)	Rate of recovery (%)
2001-02	641000	273109	191581	933.85	43.93
2002-03	719473	308411	259599	1010.52	44.98
2003-04 (Dec., 03)	572729	150486	132315	737.48	—

#### SJSRY

Year	Target	Total applications received	Total applications sanctioned	Credit disbursed (Rs. in crores)	Rate of recovery (%)
2001-02	154292	176418	91504	195.26	40.20
2002-03	111050	128325	80550	190.98	41.46
2003-04 (Dec., 03)	104029	86030	47885	115.72	—

#### NSLRS

Year	Target	Total applications received	Total applications sanctioned	Credit disbursed (Rs. in crores)	Rate of recovery (%)
2001-02	21878	25085	15681	21.42	33.30
2002-03	14857	17055	12705	20.17	33.37
2003-04 (Dec., 03)	13228	9932	5792	8.21	—

**PMRY**

Year	Target	Total applications received	Total applications sanctioned	Credit disbursed (Rs. in crores)	Rate of recovery (%)
2001-02	347135	437445	237392	1,184.80	35.0
2002-03	356769	413788	228465	1195.55	35.2
2003-04	339900	422609	237472	909.00	27.14*

\* Provisional

**DRI**

(Rs. in Crores, A/c in lakhs)

Year ended March	No. of Accounts	Balance O/S (Rs.)	% of DRI to total advances	Rate of recovery (%)
2000-01	5.83	362.50	0.12	63.00
2001-02	6.05	351.09	0.10	—
2002-03	3.70	300.22	0.08	—

(d) As evident from the above data, the various schemes have taken off and achieved varying degrees of success.

**SHRI ANAND SHARMA:** Sir, I thank the hon. Minister for a comprehensive statement. Sir, unemployment is a major problem in this country, and unemployment rates are rising both in the organised and the unorganised sectors. There is despair among the youths. Now going by these figures, it is clear that in the last two years, there has been a decline in all the schemes whether it is the *Swarnajayanti Gram Swarozgar Yojana* (SGSY), or the *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY), the *Prime Minister Rozgar Yojana* (PMRY), the credit dispersed under all these schemes has been steadily falling and the unemployment is rising. Self-employment is the only mode through which we can generate employment for our youth. I would like to ask the hon. Minister, Sir, whether the Government would consider advising the RBI to set up a task group with all the leading nationalised banks and the financial institutions represented, to expand the scheme and to ensure that more credit is disbursed under these self-employment schemes.

**SHRI P. CHIDAMBARAM:** Sir, it is not possible to answer a question on unemployment from the prism of lending. Lending, of course, is a

very important instrument to fight unemployment. Therefore, you will allow me to look at it from the point of lending.

Now, I agree that these programmes have not succeeded to the extent that one would like them to succeed. There are a number of reasons, and I think, the hon. Members are aware of the reasons why these programmes do not succeed as much as we would like them to succeed.

I have travelled extensively, and my respectful submission is that the best way to lend is to lend through self-help groups. These are the groups, which ensure employment; these are the groups, which ensure that the loans are repaid. The recovery rate for women self-help groups is as high as 98 per cent. When you lend to an individual, you find that the recovery rate is low; when you loan to self-help groups, the recovery rate is high.

I think it is a very good suggestion made by the hon. Member. We must look at these lending programmes, SGSY, SJSRY, etc., and find a way in which the lending can be done by banks to micro finance institutions, and through micro-finance institutions, to self-help groups. I think, in my view, that is the best guarantee for promoting employment as well as for ensuring return.

SHRI PENUMALLI MADHU: Sir, please, permit me to speak.

SHRI ANAND SHARMA: Sir, I have a second supplementary. Sir, part (b) of the question specifically concerns the conformity of these schemes to the availability of local resources. Would the hon. Minister consider advising the banks and the financial institutions to have State-specific schemes and to extend loans for such schemes, and also, to help the unemployed youth and the self-help groups, by advising these lending institutions to help them by setting up vocational training programmes and technical assistance, which are State-specific and which conform to the local resources?

SHRI P. CHIDAMBARAM: Sir, certainly, I would do that, but let me add that a large number of banks have set up such centres. I was in Karnataka last week and banks have set up centres; I visited one of them in Bidadi, where training is given to artisans, sculptors, etc. Banks have set up centres, and I shall certainly advise more banks to set up more centres to train these artisans. What is happening in Karnataka is very heart-warming.

SHRI N.K. PREMACHANDRAN: Sir, I would like to bring to the kind attention of the hon. Minister, that in respect of most of these schemes, the self-employment schemes, which are being provided by the banks, the approach of the banks, especially the nationalised banks, is such that they are not willing to give credit without having the security. This is true not only of the self-employment schemes, but also of educational loans.

There is a specific recommendation, a direction, of the RBI, that for a loan of up to 7.5 lakhs of rupees, no security or surety is required. But it is quite unfortunate to note, Sir, that this is not being followed. Even in my State, one girl, who was an engineering student, has committed suicide for the sole reason that she was not able to continue her studies because the banks hesitated in providing the loan.

So, my specific question to the hon. Minister is whether a monitoring system will be provided so as to ensure that these schemes are being given in a proper way, in conformity with this direction.

SHRI P. CHIDAMBARAM: Sir, the hon. Member is right. The message, I think, has gone to banks at the highest levels — at the headquarter as well as at the regional levels. The message has not gone to all the branches. That is why I requested in the last part of the Session that hon. Members must also tour in their constituencies. The message is going. You will find when we report the results at the end of the year, more educational loans have been given this year than the last year. I am not saying that the last year was a bad performance. Last year also, a large number of educational loans were given, and in the last couple of years a large number of educational loans were given. The message is going down the country, and the message will go to all the branch managers. We have put in place a monitoring system. We will look at the results, and we will intervene where we find that a bank or a branch manager is violating the norms. Even in the last month, there are examples where banks have given full-page advertisements, and banks have put up display boards at their branches that these loans will be given. I am deeply sorry for that girl who had to take that extreme step. More and more educational loans will be given this year, and I will report the results at the end of the year.

SHRI LALITBHAI MEHTA: Banks ask for security.

**SHRI P. CHIDAMBARAM:** Sir, please allow me to answer that. All branch managers have taken notice of this. There will be no request for collateral and no request for security up to Rs. 7.5 lakhs. Only the signature of the student, and the signature of father or mother are required.

**SHRI NILOTPAL BASU:** Sir, I could not agree more with the Finance Minister on the desirability of the self-help groups and activities. But there is a new concern. I have a paper with me, which is very revealing, done by the ISAC on the SHGs and their lending experience. In their case, the recovery rate is 95 per cent. But the major issue here is the interest rate. Twelve per cent interest rate is charged on SHGs. I keep on repeating, for purchasing a Mercedes Car in the city, you charge only 6 1/2 per cent, but for SHGs the lending rate is 12 per cent which was fixed in 1992. Sir, at the end of the last week, the inflation rate was 7.62 per cent. So, I think, it is becoming unsustainable. SHG lending is actually creating self-employment to the tune of 1.5 crores, that is, more than 10 lakh groups are there, and 90 per cent of them are women. I have taken this figure from the NABARD Press release. Unless you drastically reduce the interest rate, this activity, which is going with regard to SHGs, will become unsustainable.

**SHRI P. CHIDAMBARAM:** Sir, this is a very complex question. How does the Government intervene in the price mechanism of lending? In fact, intervening in the price mechanism brought a bank to a position where many of the balance sheets were completely unviable. In the last ten to twelve years, thanks to the broad consensus, banks have become extremely viable, and their balance sheets are very good including our public sector banks. Now look at three banks having their headquarters at Kolkata. They were in a very bad shape eight or nine years ago. Even these banks have become viable banks. All three banks are today very healthy banks. I would earnestly request the hon. Member that the price mechanism is something, which we should allow the banks to decide. There are guidelines. RBI lays down guidelines, and Government consults RBI to lay down guidelines. We have brought down interest rates for agricultural lending. The previous Government brought it down to 9 per cent. We have now ensured it about 8.9 per cent.

**SHRI NILOTPAL BASU:** But it is 12 per cent for SHGs.

SHRI P. CHIDAMBARAM: Let me answer. SHGs lending rates vary from about 10.5 per cent to about 12.5 per cent depending upon the risk assessment made by the banker. I would earnestly request the hon. Member that we should not... *(Interruptions)*...

SHRI NILOTPAL BASU: He has admitted that 95 per cent is the recovery rate.

SHRI P. CHIDAMBARAM: I am saying so, As recovery rates are good, as risk assessment gets better, as SHGs demonstrate their ability to repay and take further loans, you will find that interest rates will come down. I do not think that, as a policy, Government should intervene in the price mechanism of lending.

### Loans for SSI

\*305. PROF. M.M. AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the total amount of loans sanctioned by various nationalized banks for the setting up of small scale industries in the various states during the last three years; and

(b) what guidelines have been prescribed by Government for granting loans to SSI units in the country?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A Statement is placed on the Table of the House.

### Statement

(a) The total amount of loans outstanding to the SSI Sector in the books of Public Sector Banks for the last three years are as under:

(Rs. in crores)

As at the end of March	Total Advances to SSI
2002	49743
2003	52988
2004	58277*

\*Provisional

Source: RBI