





Government of India

## **Ministry of Micro, Small and Medium Enterprises**

(An ISO 9001:2008 Certified Organisation)

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Prime Minister Employment Generation Programme



## Name of the Scheme =\_=\_

Prime Minister Employment Generation Programme (PMEGP)

### Introduction ----

- PMEGP scheme announced by Hon'ble Prime Minister of India on 15th August, 2008 in his address from the Red Fort.
- This is credit linked Scheme of Govt. of India by merging erstwhile REGP and PMRY scheme. The Khadi and Village Industries Commission (KVIC) is the Nodal Agency at National Level.
- The Scheme is implemented by KVIC at the National level and through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) at the State level. The Government subsidy under the Scheme is routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts.
- The scheme is implemented in rural areas through KVIC and State/U.T Khadi &V.I. Boards and in urban and rural areas through District Industries Centres in the ratio of 30:30:40.
- The Implementing Agencies, namely KVIC, KVIBs and DICs will Non-Government-Organization associate reputed NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC) / UdyamiMitras empanelled under Rajiv Gandhi UdyamiMitra Yojana Panchayati Raj institutions and other relevant (RGUMY), bodies in the implementation of the Scheme, especially in the of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.

## Objective ---

 (i) To generate employment opportunities in rural as well as urban areas of the country through setting up of new selfemployment ventures/projects/micro enterprises.



- (ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them selfemployment opportunities to the extent possible, at their place.
- (iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- (iv) To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

## Target Groups ---

- (i) Any individual, above 18 years of age;
- (ii) There will be no income ceiling for assistance for setting up projects under PMEGP.
- (iii) For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business /service sector, the beneficiaries should possess at least VIII standard pass educational qualification.
- (iv) Assistance under the Scheme is available only for newprojectssanctioned specifically under the PMEGP.
- (v) Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme are also eligible for assistance under PMEGP.
- (vi) Institutions registered under Societies Registration Act, 1860;
- (vii) Production Co-operative Societies, and
- (viii) CharitableTrusts.
- (ix) Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and theunitsthat have already availed Government Subsidy under anyother



scheme of Government of India or State Government are not eligible.

### Benefits ---

- The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh and under business/service sector is Rs. 10 lakh.
- Per capita investment should not exceed Rs. I.00 lakh in plain areas and Rs. I.50 lakhs in Hilly areas.
- Own contribution 5% to 10% of project cost.
- General category beneficiaries can avail of margin money subsidy of 25 % of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled caste/scheduled tribe /women the margin money subsidy is 35% in rural areas and 25% in urban areas.
- Quantum of Margin Money Subsidy is given as follows:

Categories of beneficiaries under PMEGP	Beneficiary's own contribution (of project cost)	Rate Subs	
Area (location of project /unit)		Urban	Rural
General Category	10%	15%	25%
Special (including SC/ST/OBC/Minorities/Women, Physically handicapped, Ex- Servicemen,NER, Hill and Border areas etc.	05%	25%	35%

## Implementation Strategy ----

(i) Project proposals are invited from potential beneficiaries at district level through press, advertisement, radio, other-multimedia and Panchayati Raj Institutions by KVIC,KVIBs and DICs. Beneficiaries can also apply on-line through the web-



- portal http://www.kviconline.gov.in/pmegp/pmegponlineapp and take the printout of the application and submit the same to respective offices along with Detailed Project Report and other required documents.
- (ii) The identification of beneficiaries will be done at the DLTFC level. However, the applicants, who have already undergone training of at least 2 weeks under Entrepreneurship Development Programme (EDP) /Skill Development Programme (SDP) / Entrepreneurship cum Skill Development Programme (ESDP) or Vocational Training (VT), will be allowed to submit applications directly to Banks.
- (iii) DLTFC is a district level committee headed by District Collector/Magistrate and has members from banks, KVIC/KVIB/DIC/SC/ST Corporations and Panchayats. DLTFC Meetings are held monthly/quarterly to scrutinize the applications and refer to Banks. It has been decided by the Ministry that one more member may be added in the Task Force to represent urban local bodies of the District nominated by the Chairman/District Magistrate/Deputy Commissioner/Collector.
- (iv) District LevelTask Force Committee (DLTFC) meeting is held monthly/quarterly to scrutinize the applications and refer to Banks. About 50% of the applications are rejected at the DLTFC level due to non-completion of various documents, vague information in the applications, lack of knowledge, exaggeration of cost of projects, non-viability of projects etc.
- (v) District Level Advisory Committee (DLAC) is an advisory committee at district level under the chairmanship of Member of Parliament (LokSabha) has been constituted to monitor the PMEGP Scheme and to provide overall guidance for scheme implementation.
- (vi) At the State level, the monitoring is done at the State Level



- Bankers Meeting (SLBC) and also with the implementing agencies by Principal Secretary (Industries) of the State and even Chief Secretary.
- (vii) At the National Level, the Ministry of MSME will be the controlling and monitoring agency for implementation of the scheme. It will allocate target, sanction and release required funds to KVIC. Quarterly review meeting will be held in the Ministry on the performance of PMEGP. Principal Secretaries /Commissioners (Industries) responsible for implementation of the Scheme in States through DICs, Representatives of State KVIBs and Senior officials of Banks will attend the meeting. The Secretary (MSME) holds periodic meeting of the National Level Monitoring Committee (NLMC) of PMEGP in which thorough review of the scheme is conducted with various stakeholders including senior officials from Banks.
- (viii) Under PMEGP, any activity, except the following activities as mentioned in the "negative list", is permissible. The recently revised Negative List:
  - a) Any industry/ business connected with Meat(slaughtered), i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan/ Cigar/Cigarette etc., any Hotel or Dhaba or sales outlet serving liquor, preparation/ producing tobacco as raw materials, tapping of toddy for sale.
  - Any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture. Value addition under these will be allowed under PMEGP.
  - c) Any industry/business connected with Animal Husbandry like Pisciculture, Piggery, Poultry, etc.



- d) Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems.
- (ix) Physical verification of PMEGP Units: 100% physical verification of the actual establishment and working status of each of the units, set up under PMEGP, including those set up through KVIBs and DICs will be done by KVIC, through the agencies of State Government and/or, if necessary by outsourcing the work to professional institutes having expertise in this area, following the prescribed procedures as per General Financial Rules (GFR) of Government of India. Banks, DICs and KVIBs will coordinate and assist KVIC in ensuring 100 % physical verification. The verification done by KVIC is submitted below:

Particulars	Physical Verification Conducted			
	2008-09	2009-10	2010-11	
Units Financed	19166	40918	49064	
Units Verified	19133 (99.83%)	35669 (87.17%)	11574 (23.59%)	
Units found working (out of verified)	15138 (79.12%)	29044 (81.43%)	9179 (79.31%)	

- (x) Financial Institutions: The entire list of financial institutions operating under PMEGP are as follows:
  - (i) 27 Public Sector Banks.
  - (ii) All Regional Rural Banks.
  - (iii) Co-operative Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries)/ Commissioner (Industries).
  - (iv) Private Sector Scheduled Commercial Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries)/Commissioner (Industries).



- (v) Small Industries Development Bank of India (SIDBI).
- (xi) Awareness Camps: KVIC and State DICs will organize awareness camps, in close coordination with each other and KVIBs, throughout the country to popularize PMEGP and to educate potential beneficiaries in rural, semi-rural and urban areas about the Scheme. The awareness camps will involve participation from the unemployed men and women with special focus on special category, i.e., SC, ST, OBC, Physically challenged, Ex-servicemen, Minorities, Women, etc. The requisite information/details in this regard will be obtained by KVIC/KVIBs/DICs from State level organizations like SC/ST Corporations, AWWA, NYKS, reputed NGOs and Employment exchanges. There will be two camps permissible for a district, one by KVIC in coordination with concerned KVIB and another by DIC. KVIC and DIC should preferably consider organizing these camps jointly for a specific district.A Committee consisting of Lead Bank, KVIC/KVIB/DIC and Principal, Multi-Disciplinary Training-Centres (MDTC) of KVIC will shortlist the beneficiaries and send them for training for project formulation and to Bank for project sanction. The amount specified can be spent on publicity, arrangement and other necessary expenses for organizing such camps, which will be communicated by KVIC in their guidelines separately.
- (xii) Mandatory activities to be undertaken in the awareness camps:
  - (i) Publicity through banners, posters, hoardings and press advertisements in local newspapers.
  - (ii) Presentation on the scheme by KVIC/KVIB/DIC officials.
  - (iii) Presentation by Lead Bank of the area.
  - (iv) Presentation by successful PMEGP/REGP Entrepreneurs.
  - (v) Distribution of sanction letters to PMEGP entrepreneurs who have been sanctioned the project by Bank.



- (vi) Press conference
- (vii) Collection of data (in the prescribed format) from the potential beneficiaries, which will include information like profile of beneficiaries, skills possessed, background and qualifications, experience, project interested in, etc. For ascertaining the training a committee consisting of representatives of Lead Bank, KVIC, KVIB, DIC and Principal, MDTC will shortlist the beneficiaries and send them for orientation and training. They will also be sent to Banks for project formulation and project sanction, respectively.
- (viii) A Shelf of Projects for consideration under PMEGP, prepared by KVIC has already been circulated by KVIC/Ministry to some of the prominent State Industries Secretaries and Banks including State Bank of India, Central Bank of India, Canara Bank, Allahabad Bank and Union Bank of India.
- (ix) Marketing Support: (a) Marketing support for the products, produced by the units under PMEGP may be provided through KVIC's Marketing Sales outlets, as far as possible. KVIC will reserve the right to provide such a support based on quality, pricing and other parameters to be separately circulated by KVIC to KVIBs/DICs. (b) Besides the above, Exhibitions, Workshops at District/State Zonal/National and International levels, Buyer-Seller Meets, etc., will be arranged for the benefit of PMEGP beneficiaries by KVIC. Exhibitions PMEGP Exhibitions will be organized by KVIC at National, Zonal, State and District Levels and special exhibitions for North Eastern Zone in co-ordination with KVIBs and DICs, to promote products produced by PMEGP units. KVIC will get the annual calendar of exhibitions to be conducted at



various parts of the country, approved by the Ministry in advance. Separate pavilions will be provided for display of products produced by units set up through KVIBs/DICs. Separate logos and nomenclature for rural entrepreneurs and urban entrepreneurs will be worked out by KVIC/KVIBs/DICs, KVIC, in coordination with KVIBs and DICs will be organizing one district level exhibition (per district), one State level exhibition and one Zonal level exhibition, annually. Participation in International Exhibitions Participation by PMEGP units is envisaged in International Exhibitions like India International Trade Fair (IITF), etc., for developing their export market. KVIC will organize participation in the international exhibitions in coordination with KVIBs and DICs and will seek the list of willing units from KVIBs and DICs. KVIC will ensure that the units desirous of participating in the fair, set up through KVIBs and DICs are considered judiciously on the basis of merit, variety and quality of the products. A maximum amount of Rs. 20 lakh will be provided to meet expenditure on rental charges for pavilion, fabrication of stalls and towards display, demonstration etc. KVIC may meet the rest of the expenditure out of its regular marketing budget provisions.

### (xiii) Entrepreneurship Development Programme (EDP):

The objective of EDP is to provide orientation and awareness pertaining to various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, bookkeeping, etc. The duration for EDP is between two to three weeks period under PMEGP which will include interaction with successful rural entrepreneur, banks as well as orientation through field visits. The EDP will be conducted through KVIC, KVIB Training Centers as well as Accredited Training Centers run by Central Government,



NSIC, the three national level Entrepreneurship Development Institutes (EDIs), i.e., NIESBUD, NIMSME and IIE, and their partner institutions under the administrative control of Ministry of MSME, State Governments, Banks, Rural Development and Self Employment Training Institutes (RUDSETI) reputed NGOs, and other organizations / institutions, identified by the Government from time to time. EDP will be mandatory for all the PMEGP beneficiaries. However, the beneficiaries who have undergone EDP earlier of duration not less than two weeks through KVIC/KVIB or reputed training centers will be exempted from undergoing fresh EDP. The training centres / institutes will be identified by KVIC and extensive publicity will be provided about the training centres / institutes, content of courses available, duration, etc. by circulating the same to all the Implementing Agencies.

(xiv) E-Governance Implementation through MIS Package, Application Tracking System, E-Portal and other supporting packages: E-governance is a vital requirement for effective monitoring and reviewing of the scheme. In addition, data base of existing REGP beneficiaries as well as PMRY have also to be documented. A separate PMEGP website will be constructed by KVIC, including all the relevant linkages with Ministry of MSME, State KVIBs, DICs, NIC and Banks, providing all the necessary information. Application tracking system will also be introduced by KVIC in coordination with KVIBs / DICs for PMEGP beneficiaries. A separate provision is available under forward-backward linkages for the purposes for use by KVIC.KVIC will issue further guidelines in regard to utilization of funds for the purposes outlined in the backward and forward linkages by ensuring proper documentation etc., from KVIBs and DICs. Proper account of the expenditure in this regard will be maintained by State / KVIBs / DICs



and monitored by KVIC regularly would also be allocated in the same ratio. DICs will ensure that at least 50% of the amount allocated to them will be utilized in the rural areas.

- (xv) The annual allocation of targets would be issued Statewise to the implementing agencies. The following Criteria for distribution of state-wise targets under PMEGP are:
  - (a) Extent of backwardness of State;
  - (b) Extent of unemployment;
  - (c) Extent of fulfillment of targets under PMRY and REGP in 2007-08:
  - (d) Extent of recovery of loans under PMRY and REGP in 2007-08:
  - (e) Population of State/Union Territory; and
  - (f) Availability of traditional skills and raw material.

KVIC will assign targets to State KVIC Directorates/KVIBs and State Governments. Target at District levels will be decided by State Level Bankers Coordination Committee (SLBCC). SLBCC will ensure that targets are evenly distributed within each district. The State-wise targets in respect of KVIC/KVIBs will be made available by KVIC to SLBCC where overall allocation of district-wise targets will be decided. Any modification of the targets for which KVIC is directly responsible will be permitted only with the concurrence of the Ministry. KVIC will identify the Nodal Bank Branches in consultation with State Governments and place the Margin Money (subsidy) with these branches both for rural and urban areas. For assigning the targets of subsidy and other parameters (number of units, employment opportunities, etc.) to KVIC Directorates/KVIBs, KVIC will adopt the criteria of rural population of the State, backwardness of the State (based on 250 backward districts



identified by Planning Commission) and past performance of the State under REGP Scheme for deciding the targets as per weightages given below. Similarly, for assigning the targets to DICs, KVIC will adopt the criteria of backwardness of the State (based on 250 backward districts identified by Planning Commission), urban unemployment level (as reflected in the Planning Commission's report (2002) on 'Special Group on targeting ten million employment opportunities per year' and rural population of the State. From the second year (i.e., 2009-10) onwards, the performance of PMEGP during the previous year(s) will also be given appropriate weightage, for deciding the targets. The approximate weightages to be assigned for determining the targets to the implementing agencies are given below. The allocation is also done to cover 100 projects per district in each State @ Rs. I lakh per project on average. Weightage for determining targets Criteria KVIC/KVIBs DICs are:

Criteria	Weightage for determining targets		
	KVIC/KVIB	DIC	
I. Rural Population of the State	40%	30%	
2. Backwardness of the State	30%	40%	
3. Urban Unemployment level	-	30%	
4. Past performance of REGP	30%	-	

- (xvi) Instructions on time for sanction of loan by banks: As per RBI guidelines Banks are required to complete the process of sanction of loans up to 25 lakhs within 30 days from the date of receipt of application. However KVIC has prescribed that the entire process from receipt of application to loan disbursement under PMEGP should be completed in 90 days schedule:
  - 1. The projects should be forwarded to Banks in 30 days.
  - 2. Banks should sanction the projects in next 30 days.
  - 3. Within another 30 days banks should release loan amount.



# Procedure for availing of financial assistance under the scheme

- The Bank will sanction 90% of the project cost in case of General Category of beneficiary/institution and 95% in case of special category of the beneficiary/institution, and disburse full amount suitably for setting up of the project.
- Bank will finance Capital Expenditure in the form of Term Loan and Working Capital in the form of cash credit. Project can also be financed by the Bank in the form of Composite Loan consisting of Capital Expenditure and Working Capital. The amount of Bank Credit will be ranging between 60-75% of the total project cost after deducting 15-35% of margin money (subsidy) and owner's contribution of 10% from beneficiaries belonging to general category and 5% from beneficiaries belonging to special categories.
- Normal rate of interest shall be charged. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed by the concerned bank/financial institution.
- The DLTFC will scrutinize the applications and based on the experience, technical qualification, skill, viability of the project etc., the task force will shortlist the applications and call for an interview of the applicants separately for rural and urban areas to assess their knowledge about the proposed project, aptitude, interest, skill and entrepreneurship abilities, market available, sincerity to repay and make the proposed project success. The selected candidates will be provided project formulation guidance and orientation by KVIC, KVIBs and DICs who will also assist and guide them in project formulation and submission to the concerned Bank in the area.
- The release of funds to the implementing agencies will be in the following manner:-
  - (a) Government will provide funds under PMEGP to the nodal implementing agency, i.e. KVIC which will in turn,



(within a period of 15 days of receipt of the money from the Government), place the margin money (subsidy) funds with the implementing Banks at the State level in their respective accounts in accordance with the targets allocated to each implementing agency. CEO, KVIC will convey the margin money (subsidy) targets allotted to each State to the PrincipalSecretaries/Secretaries (Industries)/Commissioners (Industries) simultaneously. The target among the Districts in the State will be assigned by the State Level Bankers Coordination Committee. SLBCC will ensure that targets are evenly distributed within each district. The State-wise targets in respect of KVIC/KVIBs will be made available by KVIC to SLBCC where overall allocation of district-wise targets will be decided. Any modification of the targets for which KVIC is directly responsible will be permitted only with the concurrence of the Ministry.

- (b) KVIC will place the margin money (subsidy) amount with the Banks involved in the implementation of the scheme in accordance with the targets allocated to the implementing Banks in the State/ District. DICs, in close coordination with Banks, will ensure that at least 50% of the total margin money (subsidy) allocated to them will be utilized in setting up of projects in rural areas.
- (c) KVIC being the single Nodal Agency at the National level, willcoordinate with the identified implementing agencies, i.e., KVIBs, DICs and others. KVIC will carry out most of the important tasks envisaged in the forward and backward linkages, including e-tracking, web management, publicity, physical verification of units, organizing EDP training programmes, awareness camps, workshops and exhibitions and therefore will require to utilize major share of the allocation under forward and backward linkages. However, KVIC will ensure that it will reserve and allocate at least 25%



- of the total allocation under Forward and Backward linkages, under the Scheme to DICs of different participating States appropriately taking into account the demand and extent of implementation. DICs will submit monthly utilization report to KVIC in this regard.
- (d) The DLTFC will hold quarterlymeeting with the Banks at district level to review the status of theproject proposals. Wherever the projects are rejected, shortcomings/reasons will be furnished by the concerned Banks to the implementing agencies concerned and the applicants concerned will be requested by KVIC/KVIBs / DICs toprovide additional information/documents if required and concerned representatives of KVIC, KVIBs and DICs, will provide assistance to the applicants in this process. Since the Bank's representative will also be a member of the Task Force, it needs to be ensured that maximum number of projects, cleared by the Task Force, is sanctioned by the Banks. Chairman of the District Task Force will review the performance of Banks and the loan repayment / recovery status in the quarterly review meetings.
- (e) Banks will take their own credit decision on the basis of viability of each project. No collateral security will be insisted upon by Banks in line with the guidelines of RBI for projects involving loan upto Rs. 10 lakh in respect of the projects cleared by the Task Force. However, they will appraise projects both technically and economically after ensuring that each project fulfills inter alia the criteria of
  - (i) Industry
  - (ii) Per Capita Investment
  - (iii) Own Contribution
  - (iv) Rural Areas (projects sponsored by KVIC/ KVIBs/DICs) and
  - (v) Negative List



- It is essential that the applications cleared by the District Task Force also fulfill these requirements at that stage itself so as to avoid delays in approval of loans in Banks.
- (f) Once the project proposals are received by KVIC, KVIBs, DICs or Banks, the details of such proposals are to be fed in the web based application tracking system with a unique registration number for each beneficiary at the District level by the State Offices of KVIC/State KVIBs/State DICs to enable the entrepreneurs to track their application status at any point of time. Till such time the e-tracking system becomes fully operational, disaggregated data in respect of progress of each application, assistance availed by beneficiaries belonging to special categories (category wise), employment details, etc., will be maintained by KVIC/KVIBs/ DICs and the data will be reconciled every month with Director (PMEGP) in KVIC. Applicants can also check the status online through the webportal http://www.kviconline.gov.in/pmegp/pmegponlineapp and log in through e-tracking.
- (g) Once the project is sanctioned and before the first installment of the Bank Finance is released to the beneficiary, Bank will inform the State/Regional Office of the KVIC/KVIBs/State DICs, as the case may be, for arranging EDP training to the beneficiary.
- (h) First installment of the loan will be released to the beneficiary only after completion of EDP training of at least 2 weeks (Para 12 of the guidelines refers) specially designed for the purpose, which will be organized by KVIC / KVIBs / DICs or the institutions recognized by or under the administrative control of Ministry of MSME or at any other training centre of repute.
- (i) After the successful completion of EDP training arranged by the KVIC/KVIBs/State DICs, the beneficiary will deposit with the bank, the owner's contribution. Thereafter, the bank will release first installment of the Bank Finance to the beneficiary.



- (j) Projects sanctioned will be declared ineligible for Margin Money (subsidy) assistance if the EDP training is not completed.
- (k) After the release of Bank finance either partly or fully, Bank will submit Margin Money (subsidy) claim in the prescribed format to the designated Nodal Branch of the State/Region where KVIC has placed lump sum deposit of Margin Money (subsidy) in advance in the Savings Bank Account in name of KVIC, for release of Margin Money (subsidy). In the case of projects financed by the branches of the Regional Rural Banks, the financing branches of the RRBs will have to submit the Margin Money (subsidy) Claim to their Head Office, which, in turn, will submit the consolidated claims to the designated Nodal Branch of their sponsoring Bank. In the case of projects financed by SIDBI, the guidelines issued by SIDBI for release of loan/margin money (subsidy) will be followed. Though the margin money (subsidy) will be released by the designated Nodal Branch of the Bank, KVIC/State DIC is the final authority to either accept the project/claim or reject, based on the parameters of the Scheme. Detailed grounds for rejections shall be maintained by KVIC/ KVIBs/DICs. A separate system of acknowledging grievances or complaints will be instituted by KVIC/KVIBs and DICs and a monthly report with the details of grievances / complaints received and the status/action taken for their redressal shall be furnished to CEO, KVIC by KVIBs and DICs. A consolidated report will be forwarded to the Ministry of MSME every quarter by CEO, KVIC. The grievance redressal system can be accessed through http://www.kviconline.gov.in/pmegp/pmegpweb/docs/PPGRP Home I.htm
- (I) Once the Margin Money (subsidy) is released in favour of the loanee, it should be kept in the Term Deposit Receipt of three



- years at branch level in the name of the beneficiary/Institution. No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.
- (m) Since "Margin Money" (subsidy) is to be provided in the form of subsidy (Grant), it will be credited to the Borrowers loan account after three years from the date of first disbursement to the borrower/institution, by the Bank.
- (n) In case the Bank's advance goes "bad" before the three year period, due to reasons, beyond the control of the beneficiary, the Margin Money (subsidy) will be adjusted by the Bank to liquidate the loan liability of the borrower either in part or full.
- (o) In case any recovery is effected subsequently by the Bank from any source whatsoever, such recovery will be utilized by the Bank for liquidating their outstanding dues first. Any surplus will be remitted to KVIC.
- (p) Margin Money (subsidy) will be 'one-time-assistance', from Government. For any enhancement of credit limit or for expansion/ modernization of the project, margin money (subsidy) assistance is not available.
- (q) Margin Money (subsidy) assistance is available only for new projects sanctioned specifically under the PMEGP. Existing units are not eligible under the Scheme.
- (r) Projects financed jointly i.e. financed from two different sources (Banks / Financial institutions), are not eligible for Margin Money (subsidy) assistance.
- (s) Bank has to obtain an undertaking from the beneficiary before the release of Bank Finance that, in the event of objection (recorded and communicated in writing) by KVIC /KVIB/State DIC, the beneficiary will refund the Margin Money (subsidy) kept in the TDR or released to him after three years period.
- (t) Margin Money (subsidy) Claim will be submitted by the Financing Branch of the Bank to the designated Nodal Branch at the earliest possible time.



### PMEGP - All India Achievement ---

## Progress of PMEGP during XI(2008-09 to 2011-12) & XII Plan (2012-13 to 2014-15)

Year	MM subsidy released (Rscrore)	MM subsidy utilized# (Rscrore)	No. of projects assisted	Estimated employment generated
XI Plan Total (2008- 09 to 2011-12)	3131.65	3067.69	1,64,283	16,05,865
•				
2012-13	1228.44	1080.66	57,884	4,28,246
2013-14	988.36	1076.45	50,493	3,78,907
2014-15 (Provisional)	1073.17*	1122.54	48168	3,57,502
XII Plan Total	3289.97	3279.65	1,56,545	11,64,655
Grand Total [XI and XII Plan]	6421.62	6347.34	3,20,828	27,70,520

<sup>\*</sup> including interest of Rs. 24.32 crore accrued during 2012-13 & 2013-14

### Target for 2015-16:

Marg in Money allocation	Rs. 1019 crore
Number of projects/units to be assisted	47840*
Employment opportunities to be created (@ 8 persons per project)	3.83 lakh persons*

<sup>\*</sup>Provisional Targets as scheme implementation extended to 30.04.2015

### New Initiatives

- In order to expand the scope of PMEGP negative list of the PMEGP Guidelines has been modified. Under the Modified Guidelines, the following activities have now been allowed:
  - a. Industries such as processing of pashmina wool and other products like hand spinning and hand weaving.
  - b. All rural and urban transport activities.
  - c. Value added Products for Tea, Coffee, Rubber etc. sericulture, Horticulture, Floriculture.
- 2) Instructions have been issued to the concerned agencies for implementation of the concept of one nodal branch of each Public Sector Bank in each State. All the nodal branches of the banks under PMEGP have been connected through Central



- Plan Scheme Monitoring System(CPSMS) under PFMS (Plan Financial Management System) to monitor the flow of funds. Regular updating of the database is being done directly by the nodal branches.
- 3) To bring in transparency in implementation of PMEGP scheme as well as to create data base of PMEGP beneficiaries, e-tracking of PMEGP applications has been introduced. In order to bring about transparency in the processes, better governance and check corruption in implementation, KVIC has introduced an electronic tracking system for online tracking of all cases under this scheme, beginning with filing of application to selection, sanction, disbursal, setting up of unit and its physical verification. Applicants will be able to view the status of their cases online.
- 4) 307 model project reports prepared are put up on PMEGP website for benefit of potential beneficiaries and 150 project reports emanating from incubation centres of NSIC (National Small Industries Corporation) are also linked through NSIC website.
- 5) With a view to ensure transparency as well as identifying the applicant's status, it has been decided that all the applicants under PMEGP should mention Aadhaar Card Number in the application.
- 6) The PMEGP and REGP units have been enabled to register online for filing Entrepreneurship Memorandum (EM-I)-Application for industrial land application for credit, pollution clearance etc. so that the entrepreneurs can obtain the benefits under the EM-I of Ministry of MSME.
- 7) To show case and promote the product range of PMEGP units an exclusive web portal developed by KVIC to cater domestic and international Buyers for PMEGP units. Trading



- activities/sales outlets have been included in PMEGP in the LWF Districts.
- 8) KVIC has setup a dedicated portal to receive online complaints from the PMEGP beneficiaries/general public on various aspects including fake units, discrepancies in selection of applications and sanction of loans. Complaints received on this portal are redressed in a time bound manner. This portal is useful in checking fake units.
- 9) MoU with RSETI to impart EDP training: KVIC has executed anMoU on 20th February 2015 with National Association of RSETI (Rural Self Employment Training Institutes) to impart EDP training through the 578 training centers of RSETI/RUDSETI under PMEGP.
- 10) On the issue of delay in disbursement of margin money claims by nodal banks: It is proposed in this regard that banks may consider taking up the process of forwarding margin money claims online from financing bank to nodal banks and vis-a-versa to expedite the settlement. Further banks may also bring out checklist for submission of margin money claims which can be circulated to the financing banks and the managers could be educated on this aspect so that the rejections are minimized at nodal bank level.
- 11) On the issue of insisting of collateral security by banks:

  The RBI guidelines clearly specify that no collateral should be insisted for MSME loans uptoRs. 10 lakhs. Loans uptoRs. Icr are covered under CGTMSE scheme. However, various complaints are being received at the field level from the beneficiaries that banks are insisting on collateral even for loan below Rs. 5lakhs. CMDs of Banks have been requested to issue guidelines to their bank branches not to insist on collateral for loan upto Rs. 10 lakhs.



## 12) The most preferred type of projects under PMEGP are:

- Agro and food processing articles like papad, namkeen, snacks, bakery items, ice cream, masala etc.
- Rural engineering enterprises like fabrication, automobile servicing, iron grills, furniture, battery making, biofertilizer production etc.
- Mineral based items like decorative tiles, stone articles, mineral water etc.
- Forest based units honey products, cane and bamboo, handicrafts, herbal cosmetics etc.
- Polymer & chemical based units Moulded furniture, PVC pipes.
- Textiles/Apparel items Readymade garments, sportswear, and leather items.
- Services like Decoration, catering, photography/ photocopiers, cyber café, electrical good repair etc.

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## **Udyami Helpline**

1800 - 180 - 6763 1800 - 180 - MSME **TOII Free** 

### Information about

**MARKETING ASSISTANCE** 

**CREDIT SUPPORT** 

**CLUSTER DEVELOPMENT** 

**TECHNOLOGY UP GRADATION** 

SKILL DEVELOPMENT

**SETTING UP ENTERPRISE** 

**SCHEMES OF MINISTRY OF MSME** 

Udyami Helpline to provide assistance and guidance to prospectve as well as existing entrepreneurs about opportunites and facilities available under various schemes of the Government.

### Udyami Helpline 1800-180-6763 (Toll Free)

Timings: 6.00 to 10.00 p.m. in Hindi / English We welcome all entrepreneurs to avail this facility.



## Ministry of Micro, Small and Medium Enterprises Government of India

www.msme.gov.in

www.dcmsme.gov.in

Prime Minister Employment Generation Programme (PMEGP)





### GOVERNMENT OF INDIA







## Ministry of Micro, Small & Medium Enterprises

(An ISO 9001:2008 Certified Organisation)

ASPIRE

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#### MSE Cluster Development Programme

A credit linked Scheme to facilitate participation of financial institutions for higher credit flow to micro sector. Its objectives are to generate continuous and sustainable employment opportunities in Rural and Urban areas of the country through start-

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#### National Manufacturing Competitiveness Programme

To promote growth oriented enterprise through 10 interventions like lean manufacturing, design clinic quality management systems

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### Assistance to Training Institution

To promote entrepreneurship and skill development through capital grant for creation/strengthening of infrastructure and programme support for conducting support for conducting entrepreneurship development and skill development programmes

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To promote Innovation & Rural

Entrepreneurship through rural livelihood incubator, technology

business incubator and fund of

funds To establish Technology Centre Network to promote

Innovation, Entrepreneurship and

Agro-Industry, I propose to set up

a fund with a corpus of Rs.200 crore." 105B."

### Marketing Assistance

To assist MSMEs to organise/ participate in exhibition of their products and services in domestic and global markets. Organizing Buyer-Seller Meets, Intensive Campaigns and Marketing Events are also included

#### Scheme of Fund for Regeneration of Traditional Industries(SFURTI)

Making traditional Industries mor productive and competitive by organizing the traditional Industries and artisans into clusters.

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### Credit Linked Capital Subsidy Schemes(CLCSS)

To enable enterprises to adopt modern technology to improve productivity

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for easier/ cheaper access to credit for the rated enterprises. The rating done for MSEs generates an awareness about the strengths and weaknesses of the operations and creditworthiness of the enterprise.

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