



Banking Awareness

JAIIB / CAIIB Examination

Full info on PMEGP
Get Loan upto 25 lacks with 35% Subsidy



APPLY NOW

PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (P M E G P)

(2nd Financial Assist. approved by Govt. up to Rs.1 Cr. under PMEGP)

(Based on RBI Master Circular: RBI/2008-09/211 Dt. 10/10/2008, KVIC & MSME Latest updates)

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You **Tube** : Banking Digest by Abinash Mandilwar

<http://bankingdigests.com/>

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NATIONAL NODAL AGENCY

KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)



कामये दुखतमानाम्।
प्राणिनाम् आर्तिनाशनम्॥

KVIB



Khadi & Village Industries Board

STATE KHADI AND VILLAGE INDUSTRIES BOARD (KVIB)

&

DISTRICT INDUSTRIES CENTRE (DIC)



WELCOMES YOU

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SALIENT FEATURES OF PMEGP

- ❖ **PMEGP is a new MSME Scheme of Govt. of India by merging REGP and PMRY scheme launched on 04-04-2008.**
- ❖ **State Khadi & V.I. Board and District Industries centre of State Government have also been associated in implementation of the programme.**
- ❖ **Special Package of subsidy to promote rural industrialization.**
- ❖ **Empowering entrepreneurs through Skill Development and entrepreneurial development programme (EDP).**



OBJECTIVE

- ❖ To provide continuous and sustainable employment to a large segment of traditional and prospective artisans, of rural and urban unemployed youth in the country for their better livelihood.
- ❖ To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.
- ❖ To generate employment opportunities in rural and urban areas of the country through self employment ventures/projects/micro enterprises.
- ❖ To facilitate participation of financial institutions for higher credit flow to only new micro enterprises.



ELIGIBILITY

- **Borrowers:-** Individuals, SHGs (of BPL), Charitable Trust, Institutions under Society Registration Act, Production based Co-operative Societies.
- **Age:-** Individuals above 18 years of age,
- **Education Qualification:-** VIII Std. Passed only for project costing above Rs. 10.00 lakhs in manufacturing and above Rs. 5.00 lakhs for Service Sector.
- **Family:-** Beneficiary & spouse. Only one person from family eligible.



ELIGIBILITY

- No income ceiling for setting up of projects.
- **Rate of Interest:** Bank discretion.
- **Repayment:** 3 to 7 years with moratorium prescribed.
- Assistance under the Scheme is available only to new units to be established.
- Existing units or units already availed any Govt. Subsidy either under State / Central Govt. Schemes are not eligible.



CERTIFICATES TO BE ATTACHED WITH APPLICATION

- a) Age proof certificate.
- b) Caste certificate if beneficiaries are from special categories (SC / ST / Minority / Ex-Servicemen etc.).
- c) Educational qualification certificate if beneficiaries opting project cost above Rs. 10.00 lakhs in case manufacturing and above Rs. 5.00 lakhs for service sector.
- d) 2-3 weeks EDP training certificate if already undergone such training.



IMPLEMENTING AGENCIES & FACILITATORS

For easy approach and accessibility, three agencies will work in each district:

- 1) Khadi & Village Industries Commission,
- 2) Khadi & Village Industries Boards,
- 3) District Industrial Centres of State Govts.

Following are the Facilitators for the scheme:

- 1) Rajiv Gandhi Udyami Mitra Yojana,
- 2) Ministry of Women & Child Development,
- 3) Panchayati Raj Institutions,
- 4) KVI Federations,
- 5) Nehru Yuva Kendra Sangathan,
- 6) Army Wives Welfare Association.



FINANCING AGENCIES

- 1) All Public Sector Banks**
- 2) All Regional Rural Banks**
- 3) SIDBI**
- 4) Co-operative Banks approved by a committee headed by the Secretary, Industries of the State.**
- 5) Private Sector Commercial Banks approved by a committee headed by the Secretary, Industries of the State.**



BANK FINANCE

- The Bank will sanction 90% of the project cost in case of General category beneficiary and 95% in case special category of beneficiary / institutions.
- The Bank will disburse full amount suitably for setting up of the project.
- Credit Guarantee Scheme (CGTMSE) of Ministry of MSME is also available for PMEGP units to facilitate entrepreneurs for collateral security free loans.



MARGIN & FINANCIAL ASSISTANCE

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

ELIGIBLE INDUSTRY UNDER PMEGP

- Any industry including Coir Based projects excluding those mentioned in the negative list.
- MUDRA Loan can also be financed under PMEGP Scheme.
- Maximum project cost for Rs. 25.00 lakhs in case of manufacturing and Rs. 10.00 lakhs for Service Sector.



INDICATIVE SECTORS FOR WHICH PMEGP LOAN IS GIVEN

The PMEGP loan is given for enterprises in the following sectors:

- Agro-based Food Processing
- Forest-based Products
- Hand Made Paper and Fiber
- Mineral-based Products
- Polymer and Chemical-based Products
- Rural Engineering and Bio-Tech
- Service and Textile



NEGATIVE INDUSTRY LIST OF ACTIVITIES UNDER PMEGP SCHEME

- a) Any Industry/business connected with Meat (slaughter) i.e. processing, canning and/or serving 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.
- b) Any industry / business connected with cultivating of crops / plantation like Tea, Coffee, Rubber etc. sericulture (cotton rearing), Horticulture, Floriculture, Animal Husbandry like Pisciculture, Piggery, Poultry, Harvester machines etc.

NEGATIVE INDUSTRY LIST OF ACTIVITIES UNDER PMEGP SCHEME

- c) Manufacture of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made up of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems.**
- d) Industries such as processing of Pashmina Wool and such other products like hand spinning and hand weaving, taking advantage of Khadi Programme under the purview of Certification Rules and availing sales rebate.**
- e) Rural Transport (except Auto rickshaw in Andaman & Nicobar Islands, House boat, Shikara & Tourist Boats in Jammu & Kashmir and Cycle Rickshaw).**



IMPLIMENTING AGENCY

- Rural area as declared under KVIC Act 2006 – Scheme to be implemented by KVIC, KVIB and DIC.
- Urban area - Only DIC



SELECTION OF BENEFICIARIES

- Project proposals will be invited from potential beneficiaries at District level through Print and Electronic Media by KVIC/KVIBs and DIC at periodic intervals.
- Facilitating agencies may also collect applications and submit the same to the KVIC, KVIB and DICs for placing the same before District Task Force Committee.
- To ensure the transparency in identification of the beneficiaries, Panchayati Raj Institutions to be involved in the process of selection.

COLOUR CODING

Colour Coding will be given for application, Claim format, adjustment letter and physically verification format for identifying the beneficiary and source of application i.e. KVIC, KVIB, DIC.

KVIC
(White)

KVIB
(Light Yellow)

DIC
(Sky Blue)

HOW TO APPLY ?

- ❖ Prescribed application may be downloaded from KVIC website www.kvic.org.in/www.pmegp.in or from any field offices of KVIC or KVIB or DICs.
- ❖ The application along with required certificate may be submitted to any one of the Offices of KVIC or KVIB or DICs.
- ❖ The application will be placed before District Task Force Committee by respective Offices.
- ❖ Status of the application can be tracked through websites.
- ❖ Personal Interview will be conducted by District Task Force Committee.



DISTRICT TASK FORCE

A District Task Force will be constituted to recommend the applications for consideration of Banks.

Dist. Magistrate/Deputy Commissioner/Collector:	Chairman
Lead Bank Manager	: Member
Representative of KVIC / KVIB/DIC	: Member
Rep. of NYKS/SC/ST/Women Corporation	: Special Invitee
Rep. of MSME-DI, ITI/Polytechnic	: Special Invitee
Rep. from Panchayat by rotation	: 3 Members
(To be nominated by Collector/Dist. Magistrate/ Deputy Commissioner)	
General Manager, DIC/ Rep of KVIC /KVIB	: Member Convener



APPLICATION SELECTION

- Selection will be made on the basis of background and personal interview.
- The District task force will forward its recommendation to KVIC /KVIB /DICs within a period of one month of the meeting. The same will be forwarded by the implementing agencies to Financing Branch of the Bank within 15 days of receipt of the same.



OPERATIONAL PROCEDURE

- ❖ The Bank will take their own credit decision on selection of projects. In case of any rejection, the same will be intimated to the District Task Force with reasons.
- ❖ After sanctioning of project, the beneficiary has to deposit 5% or 10% of the project cost as the case may be, in the bank.
- ❖ First installment of loan will be released to beneficiaries only after completion of EDP training.
- ❖ Project cost will include capital expenditure and one cycle of working capital.



Entrepreneurs Development Programme (EDP)

❖ **Duration – 2-3 weeks**

❖ **Training Institutions :**

- Departmental and Non Departmental Training Centers of KVIC /KVIB,
- Accredited training Centers,
- EDP Institute of National repute like NIESBUD, NIMSME, IIE, EDI etc.



SKILL DEVELOPMENT

- ❖ District Task Force will recommend needy entrepreneurs for skill development programme.
- ❖ Skill Development / Skill-Up gradation will be provided as per requirement to the entrepreneurs by Training Centre accredited with Ministry of MSME and reputed institutions of KVIC / KVIB / State Governments, DIC.



2nd Financial Assistance under PMEGP

- ❖ Considering the success of the scheme, the Government now approved continuation of PMEGP beyond 12th five-year Plan for a period of 3 years from 2017-18 to 2019-20 with a financial outlay of Rs. 5,500 Crores.
- ❖ While giving such approval, a provision has also been made for sanctioning a 2nd loan with Subsidy for upgrading the existing units, which are performing well in terms of turnover, profit making and loan repayment.
- ❖ Accordingly, for manufacturing units, financial assistance up to an amount of Rs. 1 Crore would be provided, and for Service / Trading Units, financial assistance up to an amount of Rs. 25.00 lakhs would be provided with a subsidy of 15% (20% for NER and Hilly States).



QUANTUM & NATURE OF 2nd FINANCIAL ASSISTANCE

2nd Loan for up-gradation of existing PMEGP/MUDRA units

Categories of beneficiaries	Beneficiary's contribution	Rate of Subsidy (of project cost)
All Categories	10% (of proposed expansion/ up-gradation cost)	15% (20% in NER and Hill States).

a) The max. cost of the project/unit admissible under manufacturing sector for up-gradation is Rs. 1.00 Crore, and the maximum subsidy would be Rs. 15 lakhs (Rs. 20 lakhs for NER and Hill States).

b) The max. cost of the project/unit admissible under Service/Trading sector for up-gradation is Rs. 25 lakhs, and the maximum subsidy would be Rs. 3.75 lakhs (Rs. 5 lakhs for NER and Hill States).

SUBSIDY RELEASE & ADJUSTMENT

- The subsidy claim will be submitted online through Financing Bank after release of first installment of loan.
- The Financing Branch will forward the same to the respective Nodal branch.
- The Nodal Branch after being satisfied that the unit fulfills the criteria under PMEGP will release the subsidy to the Financing Branch.
- The original claim format to be forwarded to respective office i.e. KVIC/KVIB/DIC by the Nodal Branch of the Bank keeping a copy with them.



SUBSIDY RELEASE & ADJUSTMENT

- Acknowledgement letter in the prescribed format will be issued by the KVIC/KVIB/DIC to the Nodal Branch on receipt of original claim format.
- The lock in period of subsidy is of 3 years in the TDR in the name of beneficiary.
- No interest will be paid on the TDR and no interest will be charged on loan to the corresponding amount of TDR.
- subsidy will be adjusted only after physical verification.

PHYSICAL VERIFICATION

- ❖ **100% Physical Verification of the units established will be made within a period of 24 months from the release of the loan from Bank.**
- ❖ **It will be done by out sourcing agencies having expertise and experience in the field.**

AWARENESS & PUBLICITY OF THE SCHEME

The following are to be jointly organized by KVIC, KVIB and DICs.

- **Awareness Camps**
- **Workshops**
- **Exhibitions**
- **Bankers Review Meeting**
- **Publicity and Promotional Activities**



For further details, please visit our website

www.kvic.org.in/www.pmegp.in

or any field offices of KVICs, KVIBs, DICs
and Nationalized Banks.



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