GUIDELINES ON PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

1. The Scheme

Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas. PMEGP will be a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme will be routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts. The Implementing Agencies, namely KVIC, KVIBs and DICs will associate reputed Non Government Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC) / Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj institutions and other relevant bodies in the implementation of the Scheme, especially in the area of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.

2. Objectives

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

(ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment 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.

3. Quantum and Nature of Financial Assistance

Levels of funding under PMEGP

Categories of beneficiaries under PMEGP	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
Area (location of project/unit)		Urban	Rural
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%

Note: (1) The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh.
(2) The maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh.
(3) The balance amount of the total project cost will be provided by Banks as term loan

4. Eligibility Conditions of Beneficiaries

(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 new projects sanctioned 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) Charitable Trusts.
(ix) Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy

under any other scheme of Government of India or State Government are not eligible.

4.1 Other eligibility conditions

(i) A certified copy of the caste/community certificate or relevant document issued by the competent authority in the case of other special categories, is required to be produced by the beneficiary to the concerned branch of the Banks along with the Margin Money (subsidy) Claim.

. (ii) A certified copy of the bye-laws of the institutions is required to be appended to the Margin Money (subsidy) Claim, wherever necessary.

(iii) Project cost will include Capital Expenditure and one cycle of Working Capital. Projects without Capital Expenditure are not eligible for financing under the Scheme. Projects costing more than Rs.5 lakh, which do not require working capital, need clearance from the Regional Office or Controller of the Bank's Branch and the claims are required to be submitted with such certified copy of approval from Regional Office or Controller, as the case may be.

(iv) Cost of the land should not be included in the Project cost. Cost of the ready built as well as long lease or rental Work-shed/Workshop can be included in the project cost subject to restricting such cost of ready built as well as long lease or rental workshed/workshop to be included in the project cost calculated for a maximum period of 3 years only.

(v) PMEGP is applicable to all new viable micro enterprises, including Village Industries projects except activities indicated in the negative list of Village Industries. Existing/old units are not eligible (Para 29 of the guidelines refers).

Note:

(1) The Institutions/Production Co-operative Societies/Trusts specifically registered as such and SC/ ST/ OBC/ Women/ Physically Handicapped / Ex-Servicemen and Minority Institutions with necessary provisions in the bye-laws to that effect are eligible for Margin Money (subsidy) for the special categories. However, for Institutions /Production Cooperative Societies/Trusts not registered as belonging to special categories, will be eligible for Margin Money (Subsidy) for general category.

(2) Only one person from one family is eligible for obtaining financial assistance for setting up of projects under PMEGP. The 'family' includes self and spouse.

5. Implementing Agencies

5.1 The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956, which will be the single nodal agency at the national level. At the State level, the scheme will be implemented through State Directorates of KVIC, State Khadi and Village

Industries Boards (KVIBs) and District Industries Centres in rural areas. In urban areas, the Scheme will be implemented by the State District Industries Centres (DICs) only. KVIC will coordinate with State KVIBs/State DICs and monitor performance in rural and urban areas. KVIC and DICs will also involve NSIC, Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj Institutions and other NGOs of repute in identification of beneficiaries under PMEGP.

5.2 Other Agencies

The details of other agencies to be associated by nodal agencies in the implementation of PMEGP are as under:

i) Field Offices of KVIC and its State offices

ii) State KVI Boards

iii) District Industries Centre (DIC) of all State Governments/Union Territories Administrations reporting to respective Commissioners /Secretaries (Industries).

iv) Banks/Financial Institutions.

v) KVI Federation

vi) Department of Women and Child Development (DWCD), Nehru Yuva Kendra Sangathan (NYKS), The Army Wives Welfare Association of India (AWWA) and Panchayati Raj Institutions

vii) NGOs having at least five years experience and expertise in Project Consultancy in Small Agro & Rural Industrial Promotion and Technical Consultancy Services, Rural Development, Social Welfare having requisite infrastructure and manpower and capable of reaching Village and Taluk level in the State or Districts. NGOs should have been funded by State or National Level Government Agency for any of its programmes in the preceding 3 years period.

viii) Professional Institutions/Technical Colleges recognized by Government/University and University Grants Commission (UGC)/ All India Council for Technical Education (AICTE) having department for vocational guidance or technical courses providing skill based training like ITI, Rural Polytechnic, Food Processing Training Institute, etc.

ix) Certified KVI institutions aided by KVIC / KVIB provided these are in category A+, A or B and are having required infrastructure, manpower and expertise for the role.

x) Departmental and Non-Departmental Training Centres of KVIC / KVIBs.

xi) Micro, Small and Medium Enterprises Development Institutes (MSME-DIs), MSME Tool Rooms and Technical Development Centres, under the administrative control of Office of Development Commissioner, MSME.

xii) National Small Industries Corporation's (NSIC) offices, Technical Centres, Training Centres, Incubators and Training cum Incubation Centres (TICs) set up in PPP Mode.

xiii) National level Entrepreneurship Development Institutes like National Institute for Entrepreneurship and Small Business Development (NIESBUD), National Institute for Micro, Small and Medium Enterprises (NIMSME) and Indian Institute of Entrepreneurship (IIE), Guwahati under the administrative control of Ministry of MSME, their branches and the Entrepreneurship Development Centres (EDCs) set up by their Partner Institutions (PIs).

xiv) Udyami Mitras empanelled under Rajiv Gandhi Udhyami Mitra Yojana of Ministry of MSME.

xv) PMEGP Federation, whenever formed.

6. Financial Institutions

(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).

7. Identification of beneficiaries:

The identification of beneficiaries will be done at the district level by a Task Force consisting of representatives from KVIC/State KVIB and State DICs and Banks. The Task force would be headed by the District Magistrate / Deputy Commissioner / Collector concerned. The Bankers should be involved right from the beginning to ensure that bunching of applications is avoided. 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. However, the Banks will refer the application to the Task Force for its consideration. Exaggeration in the cost of the project with a view only to availing higher amount of subsidy should not be allowed. KVIC will devise a score card in consultation with SBI and RBI, and forward it to the District Level Task Force and other State/District functionaries. This score board will form the basis for the selection of beneficiaries. This score card will also be displayed on the websites of KVIC and Ministry. The selection process should be through a transparent, objective and fair process and Panchayati Raj Institutions should be involved in the process of selection (Para 11 (i)(b) of the guidelines refers).

8. Bank Finance

8.1 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.

8.2 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. This scheme will thus require enhanced allocations and sanction of loans from participating banks. This is expected to be achieved as Reserve Bank of India (RBI) has already issued guidelines to the Public Sector Banks to ensure 20 % year to year growth in credit to MSME Sector. SIDBI is also strengthening its credit operations to micro enterprises so as to cover 50 lakh additional beneficiaries over five years beginning 2006-07, and is recognized as a participating financial institution under PMEGP besides other scheduled/ Commercial Banks.

8.3 Though Banks will claim Margin Money (subsidy) on the basis of projections of Capital Expenditure in the project report and sanction thereof, Margin Money (subsidy) on the actual availment of Capital Expenditure only will be retained and excess, if any, will be refunded to KVIC, immediately after the project is ready for commencement of production.

8.4 Working Capital component should be utilized in such a way that at one point of stage it touches 100% limit of Cash Credit within three years of lock in period of Margin Money and not less than 75% utilization of the sanctioned limit. If it does not touch aforesaid limit, proportionate amount of the Margin Money (subsidy) is to be recovered by the Bank/Financial Institution and refunded to the KVIC at the end of the third year.

8.5 Rate of interest and repayment schedule

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. It has been observed that banks have been routinely insisting on credit guarantee coverage irrespective of the merits of the proposal. This approach needs to be discouraged.

RBI will issue necessary guidelines to the Banks to accord priority in sanctioning projects under PMEGP. RBI will also issue suitable guidelines as to which RRBs and other banks will be excluded from implementing the Scheme.

9. Village Industry

Any Village Industry including Coir based projects (except those mentioned in the negative list) located in the rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full time artisan or worker i.e. Capital Expenditure on workshop/ workshed, machinery and furniture divided by full time employment created by the project does not exceed Rs. 1 lakh in plain areas and Rs.1.50 lakh in hilly areas.

10. Rural Area

(i) Any area classified as Village as per the revenue record of the State/Union Territory, irrespective of population.

(ii) It will also include any area even if classified as town, provided its population does not exceed 20,000 persons.

11. Modalities of the operation of the Scheme

(i) Project proposals will be invited from potential beneficiaries at district level through press, advertisement, radio and other multi-media by KVIC,KVIBs and DICs at periodical intervals depending on the target allotted to that particular district. The scheme will also be advertised /publicized through the Panchayati Raj Institutions which will also assist in identification of beneficiaries.

(a) Sponsoring of project by any agency is not mandatory. The beneficiary can directly approach Bank/Financial Institution along with his/her project proposal or it can be sponsored by KVIC/ KVIBs / DIC/Panchayat Karyalayas etc. However, the applications received directly by the Banks will be referred to the Task Force for its consideration.

(b) A Task Force, consisting of the following members, will be set up to scrutinize the applications received by it.

Dist Magistrate/Deputy Commissioner/Collector	- Chairman
Lead Bank Manager	- Member
Representative of KVIC/KVIB	- Member
Representative of NYKS/SC/ST Corporation	- Special Invitee
Representative of MSME-DI, ITI/Polytechnic	- Special Invitee
Representatives from Panchayats (To be nominated by Chairman/District Magistrate/Deputy Commissioner/ Collector by rotation)	- 3 members
General Manager, DIC or State Director of KVIC	-Member Convenor

Note : Task Force may also co-opt representatives of other lending institutions.

(c) The Task Force 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 applicants may also approach any of the other agencies listed in para 5.2 of these guidelines for assistance in this regard.

(d) KVIC will identify the Nodal Banks at State level in consultation with State Governments and will forward the list to all the implementing agencies.

(ii) 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 Principal Secretaries/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, will coordinate 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. This money will be released to DICs, only after obtaining an undertaking from the State Government that the funds already provided under the erstwhile PMRY Scheme's Training and Pre motivational campaigns have been fully utilized by the DICs. Any unspent balance available under the training and contingencies of erstwhile PMRY Scheme will be utilized for training and relevant expenditure under PMEGP. DICs will submit monthly utilization report to KVIC in this regard.

(d) The Task Force, under the chairmanship of District Magistrate/Deputy Commissioner / Collector will hold **quarterly** meeting with the Banks at district level to review the status of the project 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 to provide 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. 5 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

    (a) Industry
    (b) Per Capita Investment
    (c) Own Contribution
    (d) Rural Areas (projects sponsored by KVIC/ KVIBs/DICs) and
    (e) Negative List (Para 29 of the guidelines refers)

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 (for which detailed guidelines will be issued by KVIC separately to all concerned) 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. The status of such reconciliation will be reviewed by the District Magistrate / Deputy Commissioner / Collector, in the Task Force meetings and by CEO, KVIC in the review meetings at KVIC. Separate colour code will be given to application form as well as applications/claim forms of Margin Money (subsidy) through KVIC/KVIBs/DICs, so as to help the beneficiaries and the processing/sanctioning functionaries to identify and monitor the progress of implementation.

(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 (Para 12(i) of the guidelines refers) to the beneficiary, if he/she has not already undergone such training.** If he/she has already undergone such training of at least 2 weeks duration, either with the training centre of KVIC/KVIB /State DICs or the institutions recognized by or under the administrative control of Ministry of MSME or at any other training centre of repute, such beneficiary need not undergo further EDP training.

(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. Those who have already undergone training from the recognized institutions need not undergo further EDP training.

(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 <u>not</u> 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 the 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.

(l) 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) Banks / KVIC / KVIBs / DICs have to ensure that each beneficiary prominently displays the following sign-board at the main entrance of his project site:-

..................................(Unit Name)
Financed By .... (Bank), District Name Under Prime Minister's Employment Generation Programme (PMEGP)
Ministry of Micro, Small and Medium Enterprises

(u) Margin Money (subsidy) Claim will be submitted by the Financing Branch of the Bank to the designated Nodal Branch at the earliest possible time.

12. Entrepreneurship Development Programme (EDP)

12.1 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 under REGP was only 3 days, whereas, under PMRY it was 10 days. During various meetings, discussions and recommendations of Department Related Parliamentary Standing Committee for Industry (DRPSCI) it was felt that 3 days were not adequate for providing this inputs effectively and, hence **two to three weeks** period has been provided 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.

12.2. Budget for EDP Charges to the Training Centers

An amount of Rs. 2500/- to Rs.4000/- per trainee for a period of two to three weeks towards course material, honorarium to guest speakers, lodging, boarding expenses, etc. is admissible under the Scheme. KVIC will reimburse the expenditure to the training centres / institutes chosen for the purpose, in accordance with the procedures to be separately devised by it and circulated to KVIBs and DICs.

13. 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. A suitable proforma will be designed by KVIC for such physical verification of units. Quarterly reports, in the prescribed format will be submitted by KVIC to the Ministry of MSME.

14. Awareness Camps

14.1 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 as well as RICS 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.

14.2 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 (as described in para 12 of the guidelines) 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 RICS and 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. For any further inclusion of projects in the shelf already prepared, KVIBs and DICs shall forward the details of such projects to KVIC. KVIC will in turn, expand the Shelf of Projects, in due course, in consultation with Banks, KVIBs and DICs, by utilizing the provisions in 'Training and Orientation' under forward and backward linkages.

(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.

15. Workshops

a) Objectives

(i) To brief potential beneficiaries about benefits under the PMEGP Scheme and other KVIC Schemes like PRODIP, SFURTI, etc.

(ii) To create a Data Bank of PMEGP units regarding products produced, services /business activity details, production, supply capacity, present marketing set up employment and project cost, etc.

(iii) To interact with PMEGP entrepreneurs to obtain feed back about the units, their problems, support required, success stories etc.

(iv) To involve experts in marketing and export to support PMEGP units in these areas.

Note: (i). It should be ensured that a minimum number of 200 prospective entrepreneurs participate in the Workshop.
(ii) One State level Workshop for KVIC and one for DIC are permissible.
(iii) KVIC and DIC may consider organizing these Workshops jointly in a specific State
(iv) One representative of KVIC and DIC will participate in each Workshop.

b) The State Level Workshop will include the following activities:

1. Presentation of PMEGP Scenario of the State.
2. Presentation of views of Banks on PMEGP by senior officials of lead Bank in the State.
3. Sharing of experience and success stories by PMEGP/REGP entrepreneurs, providing special emphasis to entrepreneurs belonging to special categories.
4. Briefing about support Schemes of KVIC like Product Development, Design Intervention and Packaging (PRODIP), Rural Industrial Service Centres (RISC), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Micro and Small Enterprises Cluster Development Programme (MSECDP), Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTSME), etc.
5. Briefing about support schemes related to cluster and marketing by NABARD and SIDBI.

6. Utilizing the services of NYKS, MWCD, AWWA for involving the rural youth, weaker sections, women, minorities, ex-servicemen, physically challenged, war widows in PMEGP.
7. Presentation on Domestic and Export Market Potential available, by Marketing experts.
8. Open house discussion with PMEGP entrepreneurs on implementation issues, constraints encountered, further supports required, etc., and arriving at possible solutions.
9. Data collection of PMEGP entrepreneurs in the prescribed format.
10. Arranging the exhibition cum sale of PMEGP products.
11. Formation of PMEGP Federation.
12. Press conference.

(c) KVIC will be co ordinating these workshops and will get the annual calendar of workshops approved by the Ministry, in advance.

16. 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. For example, for rural PMEGP exhibitions nomenclatures like GRAMEXPO, GRAMUSTAV, GRAM MELA, etc., may be used. 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.

17. 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.

18. Bankers Review Meetings

PMEGP is a bank driven scheme and the final sanction of project and release of loan is done at the level of concerned Bank. It is therefore imperative that KVIC, KVIBs and DICs interact regularly with the higher officials of Bankers at District/ State/National level to ensure that the bottle necks, if any, in implementation, are resolved, outcomes are effectively achieved and targets are met. Bankers Review Meeting at following levels shall be organized as below:

(i) **Lead District Managers Meet (LDM)**: This will be organized by State Office and Divisional Office of KVIC jointly with KVIB and DIC. The focus of the meeting will be to inform and educate the bank officials at LDM level about PMEGP and regularly monitor and review the implementation of the scheme. The meeting will be held on quarterly basis.

(ii) **Zonal review meeting**: To review and monitor the PMEGP scheme, zonal review will be conducted quarterly by KVIC in 6 zones where representatives of KVIC, KVIB and DIC will participate in the review. Concerned Bank officers will also be invited.

(iii) **Top level Bankers Meeting**: KVIC will organize the Top Level Bankers meeting half yearly (in June and December) so that proper monitoring can be done at the beginning and towards the end of the financial year. CMDs/Senior Executives of nationalized Banks, representatives from Ministry of MSME, State DICs and KVIBs will participate in the National level Bankers meeting which will be chaired by CEO, KVIC. All the States/UTs will be invited in two groups and KVIC will ensure that around half of the States/UTs' representatives (of KVIBs and DICs) participate in each of these half yearly review meetings. The meeting will focus on reviewing the targets and will examine the issues related to policy decisions relating to banks for the implementation of PMEGP.

19. Orientation and Training under PMEGP

The staff and officers of KVIC, KVIB, DIC and concerned agencies have to be sensitized on the operational modalities of PMEGP which can be imparted in the 'one day training workshops' to be conducted throughout the country at State / District levels by KVIC (in coordination with KVIBs) and DICs. 40 such programmes per year will be organized by KVIC and DICs (each). KVIC and DICs may organize such training workshops jointly, wherever feasible, on the basis of guidelines to be issued by KVIC separately, for this purpose.

20. TA/DA of Staff and Officers

The officers of KVIC, KVIBs and DICs will carry out relevant field visits and monitoring activities of PMEGP. A provision of Rs. 1 crore per year is proposed towards TA/DA of staff and officers for monitoring and reviewing PMEGP, which includes administrative expenses like stationery, documentation, contingencies, etc., and around 40% of this amount can be earmarked for DICs. KVIC will issue separate guidelines incorporating the detailed modalities of certification of the expenditure, laying down the norms for such field visits so as to optimally utilize the assistance and ensure economy in expenditure.

21. Publicity and promotional activities

21.1 PMEGP should be popularized through aggressive publicity campaigns including posters, banners, hoardings, radio jingles, television messages, advertisements in local papers, press conferences, also involving VVIPs and distinguished guests in major events of PMEGP.

21.2 Release of advertisement/publicity for PMEGP.

Advertisement will be issued /published in English, Hindi and local language newspapers. For District level events, quarter page advertisement will be released and for State level events, half a page advertisement will be released.

Keeping in view the significance of publicity and promotional activities required to be undertaken for PMEGP, an amount of Rs.16 Crore will be allocated during the four years period. 25 % of funds will be earmarked by KVIC to DICs for release of advertisement/ publicity of the Scheme, in accordance with the guidelines framed by KVIC while ensuring maximum coordination and synergy of efforts with KVIBs and DICs.

22. MIS Package, Application Tracking System, E-Portal and other supporting packages

22.1 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. In addition Rural Industrial Consultancy Services (RICS)'s software package for project preparation of KVIC will be extended to all training centers in the country for assisting potential beneficiaries to prepare project under PMEGP. A separate provision is available under forward-backward linkages for the purposes for use by KVIC.

22.2. 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.

23. Proposed Estimated Targets under PMEGP

23.1 The following estimated targets have been proposed under PMEGP during the four years, i.e., from 2008-09 to 2011-12.

Year	Employment (in Nos)	Margin Money (subsidy)(Rs.crore)
2008-09	616667	740.00
2009-10	740000	888.00
2010-11	962000	1154.40
2011-12	1418833	1702.60
Total	3737500	4485.00

Note:
1. An additional amount of Rs.250 crore has been earmarked for backward and forward linkages.
2. To begin with, the targets would be distributed between KVIC (including State KVIBs) and State DICs in the ratio of 60:40 to ensure comparatively greater emphasis to micro enterprises in rural areas. The margin money subsidy 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.
3. The annual allocation of targets would be issued State-wise to the implementing agencies.

23.2 Criteria for distribution of targets under PMEGP

The following are the broad suggested criteria for distribution of state-wise targets:

(i) Extent of backwardness of State;
(ii) Extent of unemployment;
(iii) Extent of fulfillment of targets under PMRY and REGP in 2007-08;
(iv) Extent of recovery of loans under PMRY and REGP in 2007-08;
(v) Population of State/Union Territory; and
(vi) Availability of traditional skills and raw material.

23.3 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 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.

Criteria	Weightage for determining targets	
	KVIC/KVIBs	DICs
1. 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 %	-

24. Rehabilitation of Sick Units

Sick units under PMEGP for their rehabilitation will be linked with RBI's Guidelines for rehabilitation of sick small scale industrial units issued to all Scheduled Commercial Banks vide their letter RPCD.No.PLNFS.BC.57/06.04.01/2001-2002 dated 16th January, 2002.

25. Registration

Registration with the KVIC/KVIBs/State DICs under the Scheme is voluntary. No registration fee will be charged from the beneficiaries and the funds available under Forward and Backward linkage will be utilized to meet expenses on documentation cost, etc.

Beneficiary will submit quarterly report about production, sales, employment, wages paid etc. to the State/Regional Director of the KVIC/KVIB/State DIC, and KVIC will in turn analyze and submit a consolidated report to the Ministry of MSME, every six months.

26. Role of Private Sector (Scheduled, Commercial / Co-operative) Banks in the implementation of PMEGP

The Scheme will also be implemented through the Private Sector Scheduled Commercial Banks/Co-operative Banks on selective basis, after verification of intending Banks' last 3 years' Balance Sheet and ascertaining quantum of lending portfolio. Margin Money (subsidy) portion will be paid on actual reimbursement basis to the Banks by KVIC.

27. Monitoring and evaluation of PMEGP

27.1 Role of Ministry of MSME

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. CEO, KVIC, 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.

27.2 Role of KVIC

KVIC will be the single Nodal Implementing Agency of the Scheme at the National level. CEO, KVIC will review the performance with State KVIBs, DICs and Banks every month and submit a monthly performance report to the Ministry. The report will include the component wise details of beneficiaries indicating the amount of the Margin Money (subsidy) allotted, employment generated and the projects set up. KVIC will ensure that the margin money (subsidy) is utilized as per the sub component plans approved for SC, ST, Women, etc. The targets and achievement will also be monitored at the Zonal, State and District levels by the Dy.CEOs, Directors of KVIC and the Commissioner /Secretary of Industries (DIC), of the States concerned. The existing REGP units will continue to be monitored by the KVIC as hitherto fore, and separate monthly report submitted directly to Ministry of MSME.

27.3 Role of State Governments / Union Territories

The Scheme will be reviewed half yearly by Chief Secretary of the State. Representatives KVIC, Ministry of MSME, State Director (KVIC) CEO, KVIB, Secretary / Commissioner (Industries) of the State, Senior Officials of the Banks and other officials concerned will attend the meeting. State Governments {Commissioners / Secretaries (Industries)} will forward their monthly reports to KVIC, specifying the component wise details of beneficiaries indicating the amount of the Margin Money (subsidy) allotted, employment generated and the projects set up, which will be analyzed, compiled and consolidated by KVIC and a comprehensive report forwarded to Ministry every month. The existing PMRY units will continue to be monitored by the State DICs, as hitherto fore, and report submitted directly to Ministry of MSME.

28. Evaluation of the Scheme

A comprehensive, independent and rigorous evaluation of the scheme will be got done after two years of its implementation. Based on the findings of the evaluation study the scheme would be reviewed.

29. Negative List of Activities

The following list of activities will not be permitted under PMEGP for setting up of micro enterprises/ projects /units.

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.

b) Any industry/business connected with cultivation of crops/ plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry like Pisciculture, Piggery, Poultry, Harvester machines etc.

c) 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.

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 J&K and Cycle Rickshaw).

Ministry of Micro, Small and Medium Enterprises (MSME)

PMEGP Section

Guidelines for Second Financial Assistance under PMEGP for Expansion of the Existing Successful PMEGP/MUDRA Units

1. **The Scheme:**

Khadi & Village Industries Commission (KVIC), under the Ministry of MSME, Government of India, New Delhi, is presently implementing the Prime Minister's Employment Generation Programme (PMEGP) as the National-level Nodal Agency. At the State Level, the scheme is implemented through the State KVIC Directors, State Khadi & Village Industries Boards (KVIBs), District Industries Centres (DICs) and Banks. Up to 31.3.2018, a total of 4,66,471 units have been set up in the Country. Considering the success of the scheme, and as requested by the entrepreneurs/unit holders and also as recommended by Management Development Institute (MDI), Gurgaon, in its Evaluation Study Report, the Government 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 upto an amount of Rs. 1 Crore would be provided, and for Service/Trading Units, financial assistance upto an amount of Rs.25.00 lakhs would be provided with a subsidy of 15%(20% for NER and Hilly States).

2. **Objectives**:

   I. To fulfill the need of additional financial assistance for upgrading and expansion to the successful / well-performing units .

   II. To cater to the need of the entrepreneurs for bringing new technology/ automation so as to modernize the existing unit.

III. To enhance the productivity of the existing units with the inclusion of additional dose of funding.

IV. To enhance the capacity of the existing unit with the additional financial assistance assuring additional wage employment.

3. Quantum and Nature of financial assistance:

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

a)

Categories of beneficiaries	Beneficiary's contribution	Rate of Subsidy (of project cost)
T h e All Categories	10% (of proposed expansion/ up-gradation cost)	15% (20% in NER and Hill States).

maximum 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 maximum 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).

c) For all categories), rate of subsidy (of project cost) is 15% (20% in NER and Hill States). Beneficiary's contribution will be 10% for all categories.

d) The balance amount of the total project cost will be provided by bank as term loan. The applicant can utilize the loan amount for investment on fixed assets i.e. for construction of building/purchase of required new machineries/ Installation of machinery etc.

e) Under the term loan component (construction of building/industrial shed, machinery & equipment etc.), the construction of own building may be included and ceiling of construction should not usually exceed 25% of the total sanctioned project cost.

f) The capital expenditure component including cost of construction should be upto 60% of the total project cost. The working capital cost would be upto

40%.However, the financing bank can decide the criteria at the time of sanction of loan based on the nature of the project.

4. Eligibility conditions for the beneficiaries:

i. All existing units financed under PMEGP/MUDRA Scheme whose margin money claim has been adjusted and the first loan availed should have been repaid in stipulated time are eligible to avail the benefits.

i. The unit should have been making profit for the last three years.

ii. Beneficiary may apply to the same financing bank, which provided first loan, or to any other bank, which is willing to extend credit facility for second loan.

iii. Registration of Udyog Aadhaar Memorandum (UAM) is mandatory.

iv. The 2^{nd} loan should lead to additional employment generation.

5. Implementing Agencies:

a) The scheme will be implemented by KVIC, a Statutory Body created by Khadi and Village Industries Commission Act, 1956, which will be a single National-level Nodal Agency.

b) At the State level, the scheme will be implemented through State Directors of KVIC, State KVIBs and District Industries Centers in rural areas. In urban areas, the scheme will be implemented by the State District Industries Centres (SDIC) only. KVIC will coordinate with State KVIBs, State DICs and monitor the performance of the Units in both in rural and urban areas. KVIC and DIC will also involve NSIC,MSME-DIs, RSETIs, RUDSETIs, ITIs & other similar Institutions, Panchayati Raj Institutions and other NGOs of repute in identification of beneficiaries under the scheme. Coir Board will be involved in identifying the coir units for their upgradation, handholding and mentoring.

6. **Financial Institutions**:

a. All Public Sector Banks.

b. All Regional Rural Banks.

c. Cooperative Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries/MSME)/Commissioner (Industries).

d. Private Scheduled Commercial Banks approved by State Level Task Force Committee headed by Principal Secretary (Industries/MSME)/ Commissioner (Industries).

e. Small Industries Development Bank of India (SIDBI).

7. Identification of the beneficiaries and other procedural formalities:

I. Units would be selected from all over the country.

II. On PMEGP e-portal, a separate application link will be given for submitting application by the existing units for up-gradation.

III. The State/District-level Agencies (KVIC/KVIB/DIC), after preliminary scrutiny, will forward the application to the Bank opted by the beneficiary in the application. Before recommending the application to the Banks, the State/District-level agencies will ensure that the application is complete in all respects and the applicant has fulfilled all the criteria mentioned in the guidelines. The agencies shall complete the scrutiny of the application within 15 days, and forward the application to the Banks, if the application is found to be order. In case, the application is not in order, they may return the application along with reasons, within 15 days.

IV. The concerned bank will appraise and sanction the project proposal within 60 days. After release of loan, the Bank will claim Margin Money Subsidy (MMS) as per the procedure prevalent for PMEGP units. The MMS will be kept as Term Deposit Receipt (TDR) for 18 months. No interest will be paid on the TDR and no interest will be charged on the corresponding amount of the loan disbursed. The TDR amount will be adjusted in the loan account after installation of the machinery and on the basis of positive report of a joint physical verification of the implementing agency and the Bank.

V. A separate MIS for the 2nd dose of financial assistance shall be provided in the PMEGP e-portal for the purpose of monitoring by all the stakeholders.

VI. Joint physical verification of the unit by the implementing agencies and the Banks shall be undertaken at least twice in a year, and details of the joint physical verification will be uploaded on the Portal. Geo-tagging of all the units will be done by KVIC.

VII. Third party physical verification shall be conducted by KVIC through outsourcing an independent agency, on completion of two years of upgradation.

VIII. CGTMSE Coverage: The beneficiary may opt for covering the project under CGTMSE Scheme by paying requisite CGTMSE fees.

8 Documents to be uploaded:

I. Previous 'loan sanction letter' issued by the Bank, Proof of 'MM claims adjusted against previous loan' and 'Bank Certificate for full loan repayment'.

II. Project report for expansion/upgrading the unit.

III. Passport size photograph.

IV. IT returns for the last 3 years.

V. Annual accounts certified by Charted Accountant for the last 3 years.

9. Miscellaneous:

The main objective of the scheme is to assist the well-performing units for upgrading the units. The other points, which are already covered in the ongoing existing PMEGP scheme, related to eligibility of the beneficiary units, negative list, procedure for claiming the margin money by the banks and release of the margin money subsidy through existing e-portal and retaining the subsidy in TDR shall also be applicable for 2nd financial assistance. It should be ensured that the second financial assistance would be applicable only for expansion/upgradation in the existing/related activities of well-performing PMEGP/MUDRA units.